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Part I: Co-operation and Association

GERMANY.

BUSINESS EXPERIENCES OF THE WINE GROWERS' CO-OPERATIVE SOCIETIES.

INTRODUCTION.

The financial failures of many of the Wine Growers' Co-operative societies in Germany have prompted the National Federation of the German Agricultural Co-operative Societies to institute an enquiry into the causes of this phenomenon. In September, 1911, a schedule of questions was sent to those provincial unions concerned, answers to which were received from 7 societies. The information contained in these answers was systematically arranged and compiled in a pamphlet by Dr. Grabein and published recently under the title of "Business Experiences of the Wine Growers' Co-operative Societies" (*Geschäftserfahrungen von Winzergenossenschaften*), as the 22nd. volume of the German Agricultural Co-operative Societies' Library (*Deutsche landwirtschaftliche Genossenschaftsbibliothek*).

Thanks to the intelligent assistance of the Federations and Co-operative Societies, material has been gathered which, although it may not give an exhaustive idea of the business experiences of the Wine Growers' Societies, nevertheless provides a rich fund of information and is well worthy of consideration. The pamphlet in question, therefore, will not only prove useful to the German Wine Growers' Societies, inasmuch, as in accordance with the object of the enquiry, by exposing past mistakes it enables these societies to avoid similar mistakes in the future, but will also, on account of the general information it contains, be of interest to wider co-operative circles, particularly the various kinds of agricultural and co-operative societies for production and sale. The most important results of the enquiry we shall, therefore, briefly summarise as follows :

In the last fifteen or twenty years, the Wine Growers' Co-operative Societies, in the South and West of Germany have attained a position of great importance.

Their establishment was the outcome of an urgent necessity, felt especially by the small and very small wine growers. In many cases, the small wine grower was unable to store his produce himself, owing to lack of cellars, capital, technical knowledge and the limited amount of his produce. He was compelled, therefore, to sell the grapes. This frequently placed him in a precarious situation, since he was unable to keep his grapes for any length of time, for fear of their becoming spoiled. Especially in years when the vintage was particularly rich he was compelled to sell at almost any price. Under the pressure of such unfavourable conditions for selling the small wine growers sought help through the establishment of the Wine Growers' Co-operative Societies. An effectual improvement was anticipated from the co-operative preparation of the grapes by means of good and sometimes technically perfect installations, as well as from wine-cellar managed by experts, the supply of a large, regular quantity and the possibility of waiting for the most favourable moment for selling.

These hopes have been so far realised in that, through the competition of the Wine Growers' Societies, the former trade monopoly of the wine merchants has been broken, the quality of the wine has been improved and the consumer has been induced to prefer natural, pure and properly treated wines.

In contrast with these valuable services of the Wine Growers' Societies, however, there are some unfavourable attendant circumstances. Many of the societies, in some years, suffered very material losses. According to the Yearbooks of the National Federation of the German Agricultural Societies, the profits and losses in the years 1901 to 1911 were as follows:

Year	Profits		Losses	
	Number of Societies	Amount (Mks)	Number of Societies	Amount (Mks)
1901	17	47,391	4	7,545
1902	44	44,248	5	33,345
1903	34	15,151	27	89,238
1904	73	134,670	37	181,694
1905	69	172,174	47	404,246
1906	65	132,271	53	729,180
1907	62	94,111	59	1,263,931
1908	61	81,214	59	847,286
1909	72	216,392	42	689,226
1910	89	337,123	38	497,311
1911	88	362,738	36	234,024

In connection with the above figures it should be noted, however, that the losses are not really so great as here shown, since the figures given for each year do not represent new deficits but losses carried over from one year to another and therefore repeated over a number of years.

In this compilation of Dr. Grabein's, four groups of successes and failures are to be noted, connected with: first, the general, natural and economic conditions of wine growing and the wine trade; second, the general economic organisation of the Wine Growers' Societies; third, their technical business-organisation and management; fourth, their commercial business activity. We follow this classification.

§ 1. GENERAL NATURAL AND ECONOMIC CONDITIONS OF WINE GROWING AND THE WINE TRADE.

German wine growing has suffered exceedingly in the last decade owing to unfavourable circumstances. The vintages in different years, such as 1902, 1906, 1909, 1910, 1912 and 1913, were insufficient both in quantity and quality. Other influences, moreover, diminished the production and sale of the wine; especially the competition of artificial wine production, the increase of wine importations from abroad, the general economic depression after the year 1900, the increase in the consumption of beer, even in the wine growing districts, the suspicions aroused in the minds of consumers by reason of prosecutions for the adulteration of wine, and the also the progress of the abstinence movement. These general conditions necessarily disadvantageously affected the business of the Wine Growers' Societies. As a consequence of bad vintages, current and other expenses were not covered in some years, because the installations could not be sufficiently utilised. Many Societies, especially the Red-Wine Growers' Societies of the Ahr, had to struggle against difficulties in regard to sale which were partly due to the change in taste which lessened the demand for their wines. Complaints were made also of the increase in the consumption of foreign wines for mixing, as well as of the enormous competition of artificial wines. Regarding the latter, an improvement, however, has been brought about through the Wine Law of 1909.

§ 2. EXPERIENCES IN RELATION TO THE ECONOMIC ORGANIZATION OF THE WINE GROWERS' SOCIETIES.

Like every business undertaking, a co-operative society also requires for its success expert business management and sufficient working capital. Both of these fundamental requirements have often been lacking amongst

the Wine Growers' Societies. The running of a Wine Growers' Society requires greater business as well as technical knowledge and capabilities than, for instance, a small local loan and savings bank or a co-operative sale society. Likewise, it should be explained that those who are entrusted with the management and control of the society are not always equal to the difficult task which is assigned to them.

However, in many reports the absolute devotion and zeal and unselfishness, as well as the expert knowledge of the management, is praised. The unfavourable judgments passed on the management of some individual societies, therefore, must not be taken as applying generally. Still, the serious warning is to be drawn from them, that especial care should be exercised in the matter of the management and inspection of the societies. It is, therefore, an important task of the Federations to co-operate with the Agricultural Chambers and Viticultural Schools for the training of managers and inspectors for the co-operative societies, preparing them completely for co-operation and for their technical and economic work.

Taking as a model the bookkeeping courses for the accountants of the local loan and savings banks which are often extended to some days and in some instances to from two to four weeks, courses of instruction of several days' duration, should be organised for the managers of Wine Growers' Societies, in which brief lessons should be given in book-keeping as well as instruction in regard to the duties of members of the boards of management and councils of supervision and the technical and economical questions of wine growing and the wine trade.

Besides a good business management it is necessary that a sufficient capital be at the disposal of the Wine Growers' Society in order to insure its success. Wine Growers' Societies need not only a rather large capital for outlay on buildings, cellars and utensils, but, moreover, a very considerable working capital. Other co-operative societies for production, such as, for instance, dairy societies, are able to dispose of their produce daily, whereas the Wine Growers' Societies must allow for at least half a year's and very often for several year's storage of their product. Therefore, their need for a working capital is much greater than that of a co-operative dairy. If they depend for their plant and current expenses solely, or mainly, upon credit, they not only burden themselves with considerable amounts in the way of interest, but also very easily get themselves into difficulties in hard times. The possession of their own capital, therefore, means cheap working capital, strengthens their own independence, and, above all, provides a resource for them in case of financial misfortune, and consequently is particularly necessary in the running of a Wine Growers' Society with its many risks. Its own capital is also an effective means of strengthening the interest of the members of the Society and preventing them from resigning in bad times.

However, in many Wine Growers' Societies, their own capital (shares and reserve funds) is very small in comparison with the borrowed capital.

According to the Yearbooks of the National Federation, the average share of a member in the capital amounted to 32 Marks in 21 Wine

Growers' Societies in the year 1900 and to 78 Marks in 127 Societies in the year 1911. With an average membership of about fifty or sixty this is quite an insufficient business capital. The entire amount of the shares and reserves of all kinds was, at the end of 1911, according to the statistics of the societies reported to the National Federation, only 15 % of the entire working capital, whereas, it was 27.6 % in the co-operative dairies and 39.3 % in the co-operative distilleries.

For the improvement of these conditions, the National Federation recommends in its Model Rules for Wine Growers' Societies, that an especially high nominal value should be fixed for the shares, if possible, not less than five hundred marks, and that payment should be made in not more than ten annual instalments. These rules have, by the way, already been adopted by a large number of the Wine Growers' Societies. Quite a number of Wine Growers' Societies have also established themselves solidly by means of the systematic strengthening of their reserves. In their endeavour to raise the value of their shares and increase their reserves, the Wine Growers' Societies have been actively assisted by the Federations and Central Co-operative Banks. The latter follow more and more the principle of granting credit to the Wine Growers' Societies in proportion to the amount of capital subscribed and not to the total amount of the members' liability, notwithstanding the fact that the societies are founded on the principle of unlimited liability.

The accumulation of reserves is naturally dependent upon the business results, but it can be facilitated by fixing suitable purchase prices for the grapes. Just in the decisive question of the fixing of the price of grapes considerable abuses have developed. Owing to an exaggeration of the democratic idea in the co-operative societies, this problem has often been left to the General Meeting to deal with. However, today all are united in the idea that it is the body least suited to fix the price, inasmuch as the members of the societies in the General Meeting are very likely to put their personal interests in obtaining high prices before the general interests of the society. High prices for grapes necessitate also a high price for the wine. And high prices for wine affect the possibility of competition of the society with the Wine Trade, and also form the principal obstacle to better business relations between Wine Growers' Societies and the Wine Trade. The most suitable body for the fixing of the prices of grapes is undoubtedly the Board of Management. It is to this Board that the management of the business is entrusted, and it is its duty to see to the sale of the wines. It also has the necessary expert knowledge of the conditions. It takes into consideration in fixing the prices, not only the general condition of the wine business, that is, the sale of the grapes, but also the prices obtained by the wine growers' association and the stock in hand of the society. Therefore, many changes in the Rules have been made with the co-operation of the federations, through which the right of fixing the price of the grapes has been transferred to the Board of Management. The federations have also provided that the management

should be entrusted to the right men capable of carrying out the principles above announced.

§ 3. TECHNICAL BUSINESS, INSTALLATION AND MANAGEMENT

Through the activity of the societies, notable progress has been made in viticulture as well as in the treatment of the wine. Most of the Wine Growers' Societies make it their special object in their Rules to further the diffusion of knowledge and progressive ideas in regard to the cultivation of vineyards and the treatment of wine. Scientific lectures, the diffusion of literature concerning vineyards and wine-cellars, the incitement to attend viticultural schools, as well as special courses in viticulture, serve for the attainment of these ends. Further, there are many regulations in the business organisation of the societies with the object of improving viticulture. For instance, it is strictly forbidden to let vineyards lie fallow, and it is not allowed to plant new vineyards in places where grapes have never been grown previously, or to plant varieties of grapes other than those habitually cultivated, except with the permission of the Board of Management. The Board of Management must endeavour to ascertain which varieties of grapes are most profitable for each particular locality, and use its influence for their cultivation. Further, the Board of Management has to take measures for the suitable working and supervision of the vineyards. In order to supervise the carrying out of such measures, it is assisted often by a committee composed of especially expert members.

Deficiencies in the technical management have only occurred rarely. Even where the modest establishments of some of the particularly small Wine Growers' Societies are not always up to the standard of modern wine-cellars, nevertheless they are better than the primitive installations of the small wine grower. It is reported that the installation of many of the small Wine Growers' Societies is in no wise inferior to that of the modern establishments of any large wine grower. There are complaints that some few Wine Growers' Societies have acquired too large and expensive plant and are thereby burdened with high interest and heavy sinking fund charges. Quite a number of Wine Growers' Societies rightly assert that great economy has been used in their installation, and a considerable number manage, especially at the beginning of their activity, to do without rented cellars, and with the utensils, barrels, etc. of their members.

The undoubted progress which is the result of the founding of a Wine Growers' Society for wine production is evidenced in the higher prices which the Wine Growers' Societies obtain in comparison with those of the small wine growers. Therefore, the failures which have come to light are not due to technical deficiencies.

§ 4. EXPERIENCES IN RELATION TO THE COMMERCIAL ACTIVITY OF THE WINE GROWERS' SOCIETIES.

As already intimated, many Wine Growers' Societies, especially formerly, made the mistake of allowing members, when purchasing grapes, prices out of proportion to the general market conditions and current prices. In the degree, however, that the Wine Growers' Societies have developed, the difference between the prices paid by the Societies and the market prices has diminished. But charging the customary local prices is no protection against losses, inasmuch as the fluctuations in the wine prices depend upon various, and often unforeseen, circumstances. Many Wine Growers' Societies, therefore, take a further precaution, forming a special Grape Money Reserve Fund (*Traubengeldfonds*), in which they retain a certain percentage of the money due to the members for their grapes. In so far as this fund is not used to cover losses, after a certain time, for example, after three, five, or ten years, or after the sale of the season's vintage, it is divided amongst the members in proportion to the amount of their consignments.

Next to the fixing of suitable prices for grapes, the correct valuation of the grapes, according to their quality, is of great importance. It not only increases the certainty of the business success of the society, but at the same time gives the members substantial inducement to improve the cultivation of their vines.

Of decided importance for the business success of the Wine Growers' Societies are the conditions of sale. In regard to the methods of sale, great and manifold differences appear. They are due partly to the character of the wines produced, partly to the general sale and market conditions of the wine growing localities in question. Besides the societies which dispose of their stock to the wine trade wholesale, a second group disposes of its wines by public auction, and a third group, finally, carries on a more or less extensive retail trade.

The simplest and shortest method is the first mentioned. It commends itself particularly to such Wine Growers' Societies as have at their disposal large quantities of inferior wines. However, there has been a great lack, in many ways, of the necessary reciprocity on the part of the wholesale wine trade. In the last five or six years an improvement has taken place, owing to the bad vintages and the scarcity of wine caused thereby, the effects of the new wine laws, as well as the compromise of the National Federation entered into about eight years ago with the Wholesale Dealers' Unions. Also the Wine Trade has found that the wines of the Wine Growers' Societies, owing to proper preparation and treatment, are generally superior to those of the private producers.

Regarding the sale of wines by means of public auction, only a few results have been reported. On the other hand, numerous Wine Growers' Societies, owing to difficulties in disposing of their wines wholesale, have been obliged to resort to retail selling. This method of sale, which theoretically appears the most advantageous, has in practice not always proved to be so. Where it has been possible, through continuous year-long endeavours, to obtain a good private custom, naturally retail selling is not disadvantageous; the opinion also of many Wine Growers' Societies is mostly favourable to the maintenance of wine-shops on their own premises. The sale to inn-keepers and private customers, however, requires not only a great deal of work and expense, but demands also a certain business ability, as, otherwise, through imperfect packing, bad customers, and the dishonesty of agents, losses are easily incurred.

The question of the centralisation of the Societies' wine sales is only briefly touched upon in the work we have mentioned. The attempts hitherto made in this direction, regarding which much has been written, have had but little success. The best known organisation of this sort, the Central Sales Society of the Rheingau Wine Growers' Association at Eltville (which has been dissolved, owing to its investment in too large and expensive plant, unscrupulous business management, lack of supervision and capital, and unfavourable sale conditions), caused the members great losses. However, the agencies of other Societies, which have been less ambitious, have proved most useful.

The same may be said in regard to the employment of an expert as Wine Commissioner of the Union, by the Hessian Federation of Agricultural Co-operative Societies. He undertakes for a small fee, to sell the produce of the Hessian Wine Growers' Societies wholesale to the wholesale Wine Trade, Champagne manufacturers and other large consumers, and his work, including technical instruction given to the Societies, has proved to be entirely satisfactory. In general, however, according to the experience obtained, the independent sale of the individual Wine Growers' Societies to the Wine Trade has been found to be the most suitable form of selling.

§ 5. THE ECONOMIC SITUATION OF THE WINE GROWERS' SOCIETIES IN THE YEARS 1911-1913.

The Enquiry of June, 1911 dealt with in the foregoing pages, referred to the business experiences of the decade 1901-1910, so that the results of the favourable wine vintage of the year 1911 are not shown therein. Therefore, at the end of August, 1912, a new schedule of questions was

sent out in which information was requested in regard to the business results of the Wine Growers' Societies in the year 1911-12. According to the reports received, as well as the annual reports of the Federations for 1911 and 1912 the financial results of the year 1911-1912 were satisfactory. Against a profit of 180,000 Marks there were losses of 120,000 Marks. The business year 1910-1911 appears, however, to have been more favourable. The reports of the Wine Growers' Societies indicate a net profit, for the year 1910-11 of 263,284 Marks against a loss of 20,726 Marks. This favourable result is explained by the fact that in the business year 1910-11, owing to the vintage failure of the year 1910, the older wine stock attained good prices. The situation of the Wine Growers' Societies was therefore greatly strengthened. To be sure, in many cases, the large net profit was used for the distribution of a considerable dividend on goods supplied: and not without reason it has been pointed out that, on the part of many Federations, such action was not commendable. In view of the small capital of many of the Wine Growers' Societies, a considerable strengthening of the reserves would have been more appropriate.

The improvement in the economic situation of the Wine Growers' Societies, owing to the favourable vintage of 1911, unfortunately was not permanent. Two vintages followed unfavourable both in regard to quantity and quality, so that the position of the Wine Growers became again worse. The Wine Growers' Societies which accepted produce otherwise difficult to dispose of, and thus prevented a serious fall in prices, or rather, alleviated it, again did a valuable service to the wine growers in these two years. It remains to be seen, however, what sacrifice they themselves have had to make on account of the diminished value of the product thus acquired.

CONCLUSION.

The lessons which are to be deduced from the business experiences of the Wine Growers' Societies in the pamphlet cited are summarised by the author as follows:

The Wine Growers should exercise care in the election of conscientious, experienced and disinterested members on the Boards of Management, in the engagement of, and the proper remuneration of, a good, experienced staff, in the acquisition of a sufficient private capital by means of a high nominal value of their shares and a systematic strengthening of the reserves. Not less important is technically good, but not too large and expensive plant and cellar installation, the improvement of the viticulture of the

members, expert storage and treatment of the wines, the careful regulation of the purchasing prices for the grapes with correct valuation of the quality, the sale of the wine as far as possible to the wholesale wine trade, moderate prices when retail sale to private persons and inn-keepers is necessary etc., care in the selection of customers, particularly in the giving of credit, promptitude and reliability in delivery, and the establishment of their own wine shops only where a profitable sale is permanently assured.

ITALY.

MISCELLANEOUS NEWS.

1. — THE REORGANISATION OF THE SUPERIOR BOARD OF AGRICULTURE. By Royal Decree of March 5th., 1914 published in the Official Gazette of the Kingdom of Italy of June 6th., the Board of Agriculture, founded in 1868 as a superior advisory body, was subjected to a general reorganization. It is now called on to express its opinion not only in the cases explicitly indicated in the laws, decrees and regulations, but also (a) on questions of general character relating to agriculture; (b) on questions of special character within the competence of other Boards or Commissions in connection with the Agricultural Department, when two or more such councils have pronounced opinions on the matter at variance with each other; in all cases in which the Minister of Agriculture, Industry and Commerce asks for its opinion.

In order that there may be a permanent advisory office, a Committee of the Superior Board of Agriculture has been founded to represent the Board and for consultation in its stead in regard to all matters coming within the competence of the Board itself.

The composition of the Board is interesting, on account of the various types of land associations being represented on it.

First of all, the Minister and the Under Secretary of State for Agriculture, Industry and Commerce, the General Managers of Agriculture, Forestry, Credit and Thrift, Statistics and Labour, and the heads of the Departments of Industry and Commerce, are members of it by right of office. Then there are nine members appointed by Royal Decree, on the proposal of the Minister of Agriculture, Industry and Commerce, from among persons competent in respect to the economics and science of agriculture; representative of the agricultural employers' associations and the agricultural labourers' associations; and fourteen representatives of agricultural associations not included under the above heads.

The Minister has also power to summon public functionaries and private persons of recognised technical competence to express their opinion or report on special matters to the Board and its Committee.

The members of the Board are appointed for four years and may be reappointed. The Minister of Agriculture calls the meetings.

* * *

2. — RESULTS OF PRIZE COMPETITIONS AMONG THE CO-OPERATIVE SOCIETIES. — We know that in terms of art. 24 of the law of March 29th, 1906, no. 100, instituting a department for agricultural credit at the *Bank of Sicily*, the Minister of Agriculture is authorized every year to open two prize competitions: one among the agricultural consortiums or societies, of co-operative form with an entirely paid up initial capital of 10,000 francs at least: the other among agricultural banks constituted in the form of limited liability societies of collective title.

These competitions were lately opened by Decree of October 17th, 1912. No institute entered for that opened for the agricultural consortiums or societies, while 17 competed for the prizes offered to the land banks. Of these 17, the Agricultural Co-operative Society for Production and Labor of Syracuse, which, in spite of its name, has the character of an agricultural bank, since its members are exclusively farmers, and it gives no other credit except agricultural credit, was granted a prize of two thousand francs.

This society has a considerable share capital; it has founded a co-operative warehouse and purchases good selected wheat grain for distribution among its members.

Prizes of 1,000 frs. each were granted to the Agricultural Bank of Alcamo (Trapani) and the San Leoluca Bank at Corleone (Palermo), the Banca di Credito Agrario of Paceco (Trapani) and San Vito of Mazara del Vallo, the San Giuseppe Agricultural Society of Ribera (Girgenti) and the Banca di Credito Agrario of Nicosia.

The first five of these have many members and grant agricultural credit on a large scale, in addition to granting ordinary credit, available to themselves, in the first case, of the means placed at their disposal by the Banca di Sicilia, and, in the second, of the deposits placed with them at interest. The sixth has also a considerable number of members and does an important agricultural credit business, preferably by means of the deposits placed with it at interest.

The principle of favouring the increase of co-operative societies by means of prize contributions, sanctioned in the laws for the provision of agricultural credit in the Southern Provinces and Sicily, was again so sanctioned in the recent law of July 6th., 1912, no. 802 on Agricultural Credit in Liguria.

In accordance with article 8 of this law, a competition was in 1912 opened among the agricultural co-operative consortiums of that region. Seven institutes competed, and the Agricultural Co-operative Consortium of Genoa succeeded in winning the first class prize of three thousand francs.

This consortium is indeed one of the most thriving in Italy. It has succeeded in practice with increasing success the healthiest principles of co-operation in a very difficult field, that of collective sale of agricultural produce (wheat, butter, eggs, oil, vegetables, fruit and poultry). It supplies almost all the charitable institutions of Genoa with milk and eggs; it has opened 19 shops in various points of the city and two markets for fruit, vegetables and poultry.

sales have realised very high figures. The Consortium, however, guarantees the genuineness of the produce it places on the market by means of analyses made in its own chemical laboratory.

The work of the Consortium in the department of the collective purchase of farm requisites for distribution to the members is also considerable. share capital is also important and its reserve fund large and increased considerable profits each year.

A prize of two thousand francs was adjudged to the "Co-operative Agricultural Society of Villaviani and Villaguardia", two small communes, one with 380 inhabitants and the other with 208, amongst whom the society has 91 members, providing an example of the spirit of association which deserves consideration.

To each of the agricultural consortiums of Chiavari, Oneglia, Sarzana and Savona a prize of 1,000 francs has been assigned, as they have displayed a praiseworthy activity for the benefit of agriculture.

(Summarised from the *Gazzetta Ufficiale del Regno d'Italia*, Rome, No. 147, June 22nd., 1914 and no. 153, June 29th., 1914).

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3. — THE CHEQUE SERVICE OF THE FEDERAL BANK OF THE CO-OPERATIVE CREDIT SOCIETIES OF MILAN. — In October, 1913, as our readers will remember (1), a Federation of Co-operative Credit Institutes and a Federal Bank of the Credit Co-operative Societies were founded at Milan. The Federation intends to defend the general interests of the associated institutions, assisting them in all their credit business and in getting legislative measures passed for their advantage. The Federal Bank, which has the form of a co-operative society limited by shares, is the central organization of the Federation and its object is to act as a central bank for the associated co-operative institutes and possibly to give credit in districts where there are no institutes that are members of the Federation, avoiding all hazardous speculations. In order to carry out its programme, it has recently organized a cheque service. The forms are issued by the Federal Bank for payment at any head or branch office of the federated banks.

The cheques may only be issued by the federated banks, and in the following manner.

The Federal Bank opens a cash credit in favour of each federated institute, the maximum amount of which is fixed: (a) by the amount the institute has paid into current account at the bank in accordance with article 17 of the federal agreement; (b) the amount of Government securities the institute has deposited as security for the issue of the cheques, half at least of which must consist of securities on which the institutes of the Federation are authorized to grant advances and the rest of securities accepted by the Board of Management.

(1) See the number of this Bulletin for February, 1914, pp. 30 et seqq.

Against this cash credit, each Institute may demand from the Federal Bank cheque forms up to the amount of its cash credit, each form being calculated at the maximum value for which it may be issued as shown on the form itself. These forms may be for amounts of from 1 fr. to 200 frs. from 201 frs. to 500 frs., and so on up to a maximum of 5,000 frs. to 10,000 frs.

The Institute issuing fills in the cheque indicating the amount, figures and in words, the place and date of issue and the name of the Institute.

While the institutes issuing have the right to repay their debt to the Federal Bank at any moment, the Bank will have the right to demand repayment at 3 days' notice. When, however, the debt of the Institute issuing exceeds the amount of its assets represented by the security given, payment of the excess must be made within three days from issue.

The federated institutes are bound to honour the cheques on the Federal Bank issued by its customers and bearing the stamp of the Bank, to the amount of the sums at their disposal.

(Summarised from *Credito e Cooperazione*, organ of the Association of People's Banks, Rome, No. 10, May 15th., 1914).

* * *

4. — THE LIST OF CO-OPERATIVE AND MUTUAL AGRICULTURAL SOCIETIES IN ITALY. — The *Confederazione generale delle Cooperative e Mutue agrarie italiane* (General Confederation of Italian Co-operative and Mutual Agricultural Societies) has published a list of such societies existing in Italy on December 31st., 1913 (1). In the preface, the President of the Confederation the Hon. Giovanni Raineri, notes the difficulty there must be in obtaining accurate statistics until new arrangements enable us to follow the development of the economic institutes continuously, automatically revealing the numerical and financial strength. For the purpose, he demands the compulsory inspection of these societies by central federal organizations.

He remarks, however, that the list published by the Confederation is the most complete we have, showing quite 5,289 agricultural co-operative societies and 1,069 mutual societies and serves to show "that in the course of less than thirty years, the Italian farmers, largely incited by the spirit of technical education to improve the methods of production and to increase it in view of the changed conditions of the world's industries, have been able to derive much of the profit that could be obtained from association and thrift."

The 5,289 agricultural co-operative societies and the 1,069 agricultural mutual societies were classified as follows :

(1) *Elenco delle Società cooperative e Mutue agrarie esistenti in Italia il 31 dicembre 1913*. Confederazione Generale delle Cooperative e Mutue agrarie italiane. Porto S. Stefano. S. Ballini, 1914.

Agricultural Co-operative Societies.

Agricultural Consortiums and Purchase Societies	1,133
Rural Co-operative Banks	2,128
Winemaking and Viticultural Societies	217
Co-operative Dairies	1,100
Stallion Consortiums	27
Collective Farms	187
Co-operative Societies for the Manufacture of Superphosphates	14
Miscellaneous Co-operative Societies	483
Total	5,289

Agricultural Mutual Societies.

Mutual Fire Insurance Societies	251
» Livestock » »	812
» Accident » »	4
Miscellaneous Mutual Societies	2
Total	1,069

It is difficult to make a clear and accurate distinction between the different classes of co-operative societies, as each class has something in common with another. So the above classification is only approximative, being made in accordance with the principal object and the primary function of each type of society.

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5. — THE RURAL AND PEOPLE'S BANKS OF THE PROVINCE OF BOLOGNA. — In a special publication of the excellent Federation of these credit institutions issued for their fourth federal festival, we reproduce the following interesting notices.

The rural and people's banks of the Province of Bologna registered with the Federation number 82, nine of them with their head quarters in Bologna and the other 73 scattered among the adjacent communes. The members of the 82 banks were altogether 7,357, the capital of the banks amounted to 114,385 frs. and the deposits to 3,283,850 frs. At the end of 1911 the banks had granted the members loans to the amount of 1,944,900 frs. they had deposits in current account amounting to 942,520 frs., securities to the amount of 421,676 frs., and 197,431 frs. in cash, goods etc. Ten years ago the federated banks were 29 with 2,044 members; the total of the banks amounted to 12,674 frs., with 368,282 frs. deposits,

308,157 frs. lent to members, 83,781 frs. deposits in current account, 20,941 frs. in securities, and 113,581 frs. in cash, goods etc. The progress made in the ten years is therefore really noteworthy.

* *

6. — THE SECOND COURSE OF LESSONS ON CO-OPERATION AND AGRICULTURAL MUTUALITY. — After the happy results of the first Course held in 1913, of which we have given an account, the *Comitato Nazionale della Mutualità agraria* (National Committee of Agricultural Mutuality) organized a second course of co-operation and agricultural mutuality to be held in Rome from the 1st. to the 30th. September, 1914. In the programme the following subjects were included :

Legislation in favour of the Agricultural Co-operative and Mutual Societies ;

Co-operative Societies for Collective Purchase : Indications of Agricultural Trade ;

Rural Co-operative Credit Societies ;

Agricultural Co-operation for Production, Sale and Labour: (a) Co-operative wine societies and distilleries, (b) Co-operative dairies, (c) Co-operative oil mills and wine societies, (d) Collective farms.

Agricultural Mutuality: (a) Mutual cattle insurance societies (Organization and relation to the improvement of the veterinary service. Legislative provisions and regulations in force for the fight against epidemic cattle diseases. (b) Miscellaneous forms of Agricultural Mutuality.

Thrift: (a) Social Insurance. Private Insurance. (Life Insurance Institutions).

Practice: Practical exercise in bookkeeping for co-operative societies and agricultural mutual societies.

Those admitted to the courses are: (a) the licentiates and laureates of the upper and practical schools of agriculture, the veterinary art, and trade; (b) the officers charged to give lectures on agriculture to the soldiers; (c) the teachers in normal schools, both masters and mistresses, (d) the members of the staff of agricultural, co-operative and thrift institutions.

The pupils pay an entrance fee of 20 francs; this, however, at the end of the course, is returned to those who have attended it regularly. Bursaries of 230 frs. a year are also offered.

At the end of the course, the pupils are examined by a Commission on which the Department of Agriculture, Industry and Commerce is represented.

Those who pass the examination receive a diploma.

(Summarised from *Cooperazione Rurale*, Rome, No. 6, June 30th., 1914)

UNION OF SOUTH AFRICA.

AGRICULTURAL CO-OPERATION IN SOUTH AFRICA.

By A. E. MARKS,

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To the casual eye, the broad view presented by South Africa from an agricultural stand-point is that of a rich but largely undeveloped country, divided into farming areas of unwieldy size, inadequately served by railways, and sparsely populated by a class of people whose simple tastes pour an easy and uneventful life, and who devote themselves to the cultivation of their lands so far only as is required to enable them to satisfy their needs and maintain the even tenor of their ways, indifferent in all other respects to the laws of supply and demand.

The careful observer, however, will discover abundant evidence of gradual relaxation of the restraining influence exercised upon the progress of agriculture by this combination of adverse conditions. He will find that the rural population is slowly increasing; that the large farms are being divided in order to provide fields of labour for the newcomers; that large tracts of formerly unproductive land are now responding to the husbandman; that railways are being built to penetrate the new sources of supply; that better facilities are being afforded for transporting the produce from the farms; and that the assimilation of modern ideas in relation to his work, the wholesome effect of competition, and the pecuniary advantage afforded by the opening up of new markets, are stimulating the farmer to unusual activity.

Nevertheless, South Africa still relies largely upon outside sources for the requirements of many articles of agricultural and dairy produce which are incapable of being produced in more than sufficient quantity within her borders, and it is proposed in this article to endeavour to indicate the extent to which agricultural co-operation may be expected to influence the further development of the resources of the country. With this object in view the position in the several Colonies which in the year 1910 were consolidated into the Union of South Africa will successively be dealt with.

§ 1. CO-OPERATION IN NATAL.

A general co-operative movement on a comprehensive scale has not yet been undertaken in Natal.

The Agricultural Development Act, 1904 (Natal) empowered the Government to advance loans to assist agriculturists in the establishment of co-operative associations; but little or no advantage appears to have been taken of the facility afforded.

A number of companies of a more or less co-operative nature have been established from time to time but the funds required have been contributed by the shareholders, and with two exceptions such organisations do not call for particular notice.

Registered in 1911 as a company with limited liability, the Agricultural Union, Limited, is engaged in the disposal of agricultural produce and live stock, and the purchase of farming requisites on behalf of its shareholders for which purposes the business of the Company is divided into three departments, namely, the Mealies and General Farming Department, the Wheat Growers' Department, and the Live Stock and Wool Department, each under the control of a special sub-committee. Transactions are conducted on a cash basis, and there is no obligation upon members to deal with the Union if they can obtain better prices elsewhere. The original share capital was £3,000, divided into 600 shares of £5 each, but the capital has recently been increased. Only farmers are entitled to obtain shares, and it is further provided that no individual may hold more than five. From the report submitted by the President at the last Annual General Meeting it would appear that the turnover for the year ended 31st March, 1913, amounted to £174,900; and the net profit to £854 14s. 3d. of which £300 was placed to reserve and the balance distributed in the form of honorariums. The membership at the 31st December, 1913, was 1,370 and the Reserve Fund £363.

The Mooi River Creamery (Natal Creameries Limited) is also a company registered with limited liability, the shares being held largely by suppliers. The Articles of Association provide that a dividend of more than 10 per cent. shall not be paid in any one year, and that any further profit shall be distributed amongst the suppliers in proportion to their deliveries. Losses, on the other hand, have to be borne by all shareholders in proportion to their shares, so that in every respect actual suppliers are given a distinct advantage over the ordinary investor. Such methods can hardly be considered "co-operative" in the full sense of the word, but they certainly pave the way for a more complete amalgamation of forces among dairy-farmers.

§ 2. CO-OPERATION IN THE CAPE COLONY.

In 1905, the Government of the Cape of Good Hope appointed an expert from overseas to submit and carry into effect a scheme for the organisation of the agricultural industry. This officer having reported in favour of the application of co-operative methods with a view to reducing the cost of production and marketing of agricultural and dairy produce, an Act (No. 43 of 1905) was passed whereby loans for general agricultural purposes, not exceeding £150,000, were authorised to be made to co-operative associations of wine growers and farmers, subject to certain regulations to be subsequently framed.

Meetings of farmers were held in various parts of the Colony, and in due course a large number of Companies and Syndicates were established.

In the year 1907, there were in operation :

Wineries	5
Creameries	7
Milk Pasteurising Station	1
Cheese Factory	1

all of which were registered with limited liability under the Cape Companies Act (No. 25 of 1892).

In addition to these, there had been established a large number of Syndicates formed for a variety of objects, but "co-operative" to this extent only that groups of farmers constituting such Syndicates, having obtained advances from the Government, devoted the money to the purchase of fencing material, or of water-bores, windmills, or threshing machines for the common use of members.

The security held by the Government for these loans consisted, in the case of the Companies (the Wineries and Creameries) of mortgage bonds on the Company's land, buildings, machinery and plant, and in the event of liquidation any unpaid calls on the shares ; while the members of such syndicates as did not enjoy corporate capacity accepted joint and several liability for the loans, and signed promissory notes in favour of the Government.

Unhappily, the high hopes which at the time of their inception were entertained of these Societies, were not realised, and on the 2nd July, 1907, a Select Committee of Parliament was appointed " to investigate the working of Agricultural Co-operation, and the advances made from the loan for that purpose ".

The combination of circumstances which occasioned the failure of the Societies was very fully dealt with by the Committee, and it may therefore be convenient to quote somewhat freely from the Report.

The opinion is expressed that in regard to Creameries the mistakes made had been considerable and largely indefensible. Government advances had been authorised at a time when the Companies were in financial difficulties, and "instead of then, under such circumstances, reconstructing them on sound lines, large advances were unfortunately made, and these advances instead of being available as working capital went largely towards paying the debts of the Companies". It was further pointed out that the Creameries had been started too near to one another; with excessive capital; and with machinery and plant disproportionate to the productive capacity of the areas in which they were situated, so that they had not sufficient cream to handle to make their ventures payable.

Dealing with the Wineries, the Committee proceeds:

"It is rather too early in the history of the Wineries established under this Act to review their working in any detail, more especially as in the present state of the wine market it is only natural that some of these institutions should have on their hands large quantities of wine unsold, and upon which it is difficult to place a true value. Your Committee are, however, in a position, from the evidence which they have taken, to utter a warning to the effect that there is considerable danger threatening those Associations which pay shareholders in cash for grapes before the wine produced therefrom is disposed of. It may be looked upon as an ideal condition of things for shareholders not to be paid for their grapes until the wine is sold, but this course should as far as possible be adopted; and in those cases where this cannot be done shareholders should be satisfied to receive in cash on delivery at most 50 per cent. of the value thereof pending the subsequent sale of the wine. It should in your Committee's opinion be made quite clear to persons seeking pecuniary assistance from the Treasury for the working of these Associations that their individual success or failure must depend on the success or failure of the Association of which they are members, and that the Association must not be regarded as a purchasing agent of the Government to pay good prices in cash for agricultural produce. These remarks apply with equal, if not greater, force to Creameries. Not more than 50 per cent. of the butter value of the cream and milk should be paid for until the butter is sold".

Reviewing the position of the Companies in regard to Government advances, the Report states that sufficiently definite rules were never laid down as to the basis upon which the Government would sanction a loan to a co-operative society, each society being treated on its merits. Suggestions were made as to the lines upon which the future policy of the Government in that respect should be based, and the Committee added the following further observation:

"Whilst fully recognising that in the initiation and early development of a new movement of this kind, what may subsequently prove to be mistakes will be, and indeed have been made, your Committee feel that if, as they hope, co-operation by those engaged in developing the agricultural resources of the Colony is to be successful, the efforts of the Government should be directed to securing more co-operation — in the true sense of the word —

on the part of persons by whom applications are made for loans under the Act. Up to the present time the advances by the Government have been out of all proportion to the pecuniary interest of the members of the Association in the undertaking".

During the next three years the course of events continued to run anything but smoothly; several of the Creameries proved failures, while the Wineries, although it was generally conceded that they had exercised considerable influence in the direction of improving the quality of the wine produced by the Cape farmer, did not experience a corresponding degree of success from a financial point of view, and indeed fell into difficulties of so serious a nature as to necessitate the appointment of a further Government Commission to enquire specially into their affairs.

In its Report the Commission confirmed the view that the position in which the Wineries found themselves was to a great extent due to the action of the shareholders in paying themselves for their grapes at higher rates than were justified by the trading returns, and mentioned the following further causes:

- (1) Over capitalisation;
- (2) Smallness of the capital invested by the shareholders as compared with the loans granted by the Government;
- (3) Lack of true co-operation owing "to the movement having originated with the Government, and not with the farmer with whom the success of the movement primarily rested";
- (4) Insufficient working capital;
- (5) Failure to secure the better price which the superior quality of wine justified;
- (6) Inadequate arrangements for the audit of accounts.

A Statement was attached to the Report showing the financial position of the Wineries at the date thereof, and the following extract from the Statement is submitted with a view to indicating the discrepancy referred to by the Commission in the amount of loans as compared with the capital furnished by the shareholders

TABLE I. — *Financial Position of the Co-operative Wineries in Cape Colony at the date of the Report of the Select Committee on Agricultural Co-operation.*

Winery		Paid Up Capital	Govt. Loan
	£	£	£
Montagu Co-operative Winery:			
Nominal Capital	10,000		
Issued Capital	4,095	1,483	8,369
Over Hex Co-operative Winery:			
Nominal Capital	10,000		
Issued Capital	3,150	305	6,300
Drostdy Co-operative Winery:			
Nominal Capital	5,000		
Issued Capital	2,500	232	8,000
Wellington Co-operative Winery:			
Nominal Capital	5,000		
Issued Capital	2,500	1,250	9,724
Boven Vallei Co-operative Winery:			
Nominal Capital	10,000		
Issued Capital	3,150	630	8,000
Drakenstein Co-operative Winery:			
Nominal Capital	15,000		
Issued Capital	3,328	776	10,200
Paarl Co-operative Winery:			
Nominal Capital	10,000		
Issued Capital	4,075	604	7,579
Stellenbosch Farmers' Co-operative Wine Company:			
Nominal Capital	10,000		
Issued Capital	5,550		
Winery Cold Storage	—	993	10,864
De Helderberg Ko-operatieve Wijnmakerij:			
Nominal Capital	16,000		
Issued Capital	7,708	385	15,000
		£6,658	£34,036

This Report was submitted to a Select Committee of Parliament, and finally it was decided by Parliament to write off:

(a) £38,844 6s. 8d. from the loan capital; and

(b) £15,400 7s. 4d. being interest due by the Wineries on loans.

The following Statement of organisations created under the co-operative scheme of 1905, indicates the present position in regard to loans granted to such organisations from time to time.

TABLE II. — *Present Position of Government Loans
Granted to Co-operative Organisations in Cape Colony.*

Description of Society	No. of Societies	Amount of Govt. Loan	Repaid	Voluntar- ily Writ- ten off by Govt.	Written off as Irre- coverable	Amount Still Outstand- ing	Interest Voluntar- ily Writ- ten off	Interest Irrecov- erable
		£	£	£	£	£	£	£
Dairies & Creameries	9	36,621. 7.1	2,521. 12. 6	—	19,040. 14. 2	14,059. 0.5	—	717.9.7
Wineries	9	85,387. 10. 6	543. 3. 10	38,844. 6. 8	—	46,000. 0.0	15,440. 7. 4	—
Fencing Syndicates	3	8,075. 0.0	4,572. 6. 6	—	—	4,402. 13. 6	—	—
Boring & Windmill Syn- dicates	6	2,780. 2. 2	2,722. 9. 7	—	—	57. 12. 7	—	—
Distillery	1	1,000. 0.0	121. 13. 10	—	—	878. 6. 2	—	—
Threshing Syndicate	1	375. 0.0	375. 0. 0	—	—	—	—	—
Live Stock Improve- ment Syndicate	1	228. 0.0	228. 0. 0	—	—	—	—	—

In the light of these figures it is difficult to arrive at any other conclusion than that the scheme has signally failed in the mission which, under such apparently favourable conditions, it set out to accomplish. Excluding the Syndicates, to which but little value can be attached so far as concerns the promotion of the economic interests of agriculture generally, the number of co-operative organisations established was 18. The Wineries it has been seen, have been enabled to continue operations only with the help of very liberal contributions from public funds, while of the Creameries, two alone survive in their original form.

§ 3. CO-OPERATION IN THE TRANSVAAL.

The history of Agricultural Co-operation in the Transvaal dates from the year 1908. It owes its origin to the existence of a condition of affairs in respect of the farming community by no means peculiar to South Africa, namely, the difficulty experienced by the individual farmer in obtaining

a fair return for his labour. In the disposal of his goods the Transvaal farmer was subject to great disabilities. Apart from the fact that he had inherited in marked degree those particular traits which make of the farmer everywhere a poor business man, he was the victim of a pernicious system of exchange. The situation of the farm and indifferent means of transport often combined to cut him off from the principal markets, and in consequence he had accustomed himself to the practice of delivering his produce to the nearest country storekeeper, receiving in exchange groceries, household goods, farming implements, or such other articles as could be obtained from the limited stock of goods retailed by the storekeeper. It may confidently be assumed that in this transaction the purchasing power of the produce was calculated at a rate which left a safe margin of profit to the storekeeper, and that the latter did not overlook the necessity of reaping a further advantage from the disposal of his wares to his customer, obtaining in this way a double profit on the one item of business.

It was evident, therefore, that any scheme for promoting the agricultural development of the Transvaal should include as a prominent feature the establishment of less tortuous channels of communication between the producer and consumer of agricultural and dairy produce, and should provide a means whereby the small farmer could compete in the markets on equal terms with those of his neighbours who, by reason of their ability to cultivate on a more extensive scale, were able to dispose of their produce in large parcels of uniform quality at the enhanced price which in such circumstances is always obtainable.

(a) *Legislation.*

The matter received the consideration of the Government, and in due course it was decided that encouragement should be given to farmers to organise on co-operative lines in the various districts for the collective disposal of their produce under a central administration, and that legislation should be passed regulating the conditions under which they should be permitted to operate.

The course of events in the Cape Province had furnished a clear indication that whatever might be the benefits derivable from the adoption of co-operative principles, the application to the Transvaal of the particular methods employed in the Cape was not likely to prove a success. The fact that co-operative organisations conducted largely with public funds had failed in their mission pointed to the necessity of introducing a well-developed spirit of independence and self-help in those for whose advantage such organisations were designed, and with that object in view the Government decided to impose the burden of unlimited liability upon those who wished to participate, and to withhold any considerable degree of Government support, other than support of an educative nature.

In 1908, therefore, the Co-operative Agricultural Societies Act (No. 27 of 1908, Transvaal) was passed, and in view of the fact that the general provisions of that Act are likely to be applied, in the near future, to the

whole of the Union of South Africa, it may be well briefly to describe them, including in the description certain amendments contained in a subsequent amending Act :

(1) A Registrar of Societies is required to be appointed whose duties include *inter alia* the keeping of a Register of Societies; registration of the regulations and amendments of the regulations; and the publication in the Government Gazette of the names and addresses of members, and changes in the membership.

(2) The Minister of Agriculture is entitled to veto the registration of any Society or of any amendment of the Regulations.

(3) Membership of a Society is confined to *bona fide* farmers.

(4) The operations of a Society must be confined to the disposal of the produce and live stock of its members, the purchase of farming requisites for members and objects of a similar nature calculated to further the interests of agriculture.

(5) Only members may deliver produce or be supplied with goods.

(6) The rights and obligations of members are to be indicated by Regulations registered in the office of the Registrar. The Act contains a set of Model Regulations.

(7) Members are jointly and severally liable for the debts of the Society, provided that liability ceases in respect of obligations incurred by the Society after death, resignation or expulsion of a member, and in all respects as soon as the financial statements disclose a credit balance in favour of the Society.

(8) Societies are not required to have any fixed capital.

(9) Operations are to be managed and controlled by a Board of Directors consisting of not less than five nor more than seven members, who are required to meet at intervals not exceeding one month.

(10) Loans exceeding £100 may not be raised, and alterations of the Regulations may not be effected without the approval of not less than two-thirds of the total number of members of the Society voting in person at one or more meetings specially convened for the purpose.

(11) Alterations of the Regulations affecting the Reserve Fund require the approval of not less than five-sixths of the total number of members.

(12) Minutes of all General Meetings and of Meetings of Directors must be kept.

(13) The accounts must be audited every year by a public accountant.

(14) A General Meeting must be held within two months after the close of the financial year for the purpose of passing the Balance Sheet, appointing Directors, etc.

(15) The Balance Sheet and Profit and Loss Account must be published in a newspaper circulating in the district in which the Society carries on operations.

(16) The Minister of Agriculture may at any time cause the books and accounts to be inspected and audited at the expense of the Government.

(17) Dissolution may be effected by resolution of not less than two-

thirds of the total number of members, or by application to the Supreme Court of Judicature.

(18) Societies are exempt from payment of trading licences in respect of the sale of the agricultural produce of the Colony.

(19) Penalties are provided for contraventions of the Act.

As a general rule the Regulations passed by the various Societies contain *inter alia* the following special restrictions ;

(1) Members shall be bound to deliver all their produce for sale by the Society, with the exception of produce required for their own consumption; and to purchase all their farming requisites through the same medium.

(2) Members are required to furnish the Directors with particulars of their harvest immediately after reaping, and to deliver to the Society whenever required by the Directors.

(3) An advance representing a certain percentage of the probable value may be made to members on delivery.

(4) The credit balance, less a commission (usually 5 per cent.) may be paid to members when their produce is sold; or, as is more frequently done, the produce may be pooled, and members paid out at the end of the financial year on the basis of the average price realised during the year for the respective grades and qualities, subject to a commission to meet the expenses of the Society.

(5) The newer Societies are inserting clauses to the effect that if the advance exceeds the price realised, the difference must be refunded by the members who received the advances and that other losses shall be made good in equal shares by all members.

(6) All transactions shall be for cash or against proper security.

(7) The position of Director is an honorary one.

(8) Heavy fines are imposed upon members for failure to deliver.

In this connection it may be mentioned, however, that its efficacy being dependent upon the acquisition of conclusive evidence of disloyalty this rule does not entirely overcome the difficulty.

There had been established by Act of 1907, a Land and Agricultural Bank, the functions of which were to make advances to farmers on mortgage of land, which advances were to be used for the purpose of improving the land, purchasing stock, or of effecting such other objects as were deemed expedient with a view to the promotion of the agricultural industry. The provisions of this Act were not convenient so far as concerned the granting of loans to Co-operative Societies, and with a view to furnishing them with a means of acquiring adequate working capital, of erecting storehouses, and of making the necessary advances on produce delivered by members, an amendment was passed in 1909, authorising the Bank to grant loans to registered Co-operative Societies either on first mortgage of immovable property, or on the security of the joint and several liability of members, the loans to be repaid within 10 or 5 years respectively and to bear interest at the rate of 5 per cent. per annum. It was provided further that if the money were not used for the objects for which it was granted, or it were

not carefully and economically expended, the Bank should be entitled to call up the loan forthwith, and to recover the amount involved, apportioning the liability in equal shares amongst the members, and without recourse to any court of law seizing and selling so much of the property and effects of defaulting members as might be required to meet their indebtedness.

A further clause authorised the Bank to guarantee the performance by Co-operative Societies of any contracts entered into by such organisations subject to the receipt of an indemnity to the extent of each Society's liability under the contract.

(b) Establishment of Societies.

In the meantime, the work of organising the farmers, and acquainting them with the exact nature of the undertaking upon which they were invited to embark, was being actively carried on through the medium of an officer specially appointed by the Government for the purpose, and met with a ready response, not only on the part of the small men, but also from the more influential farmers to whom the unlimited form of liability bore particular significance.

It was decided that as a general rule the initial efforts should be directed mainly to the establishment of a simple form of combination for the marketing of such articles of agricultural produce as could readily be disposed of without considerable preparation for the market, and to the collective purchase of implements and other farming and dairy requisites,—spheres of operation which would be likely to involve comparatively little organisation or special competence as compared with the more ambitious projects involved in the preparation and marketing of the manufactured or treated product.

The first Society was registered at Pretoria in November, 1908, and within a very short time similar organisations, numbering 29 in all, had been established in nearly every district of the Transvaal, with a total membership, excluding inactive Societies, of 4,585.

Of these, one Society carried on the business of a creamery, one distributed milk, another conducted threshing operations, one carried on a butchery business, four failed to get beyond the stage of registration, and the remaining 21 devoted themselves to the sale of produce (particularly grain, which constituted the principal crop of the majority of the members), and to the collective supply of farming requisites.

From a co-operative point of view, chief interest centred round the Produce Societies, for the creamery, after a brief and troublous period of existence, was transferred to private ownership without loss to members; the milk distributing agency, the acquisition of which had involved the expenditure of a considerable sum by way of "good-will", experienced difficulties of a nature very similar to those which had occasioned the downfall of the Cape organisations, and failed, the losses being enormously augmented by the costs of liquidation; the butchery business also experien-

ced financial difficulties and eventually dissolved, the losses in this case being small; and only the threshing society achieved any measure of success.

(c) *Central Distributing Agency.*

The Produce Societies found that in order to enter into effective competition with other suppliers, and to participate in the contracts which from time were submitted to tender by the various mining companies and other consumers, it would be necessary to establish a central distributing agency in Johannesburg, the functions of which would include the acceptance on their joint behalf of contracts with the Mines for the supply of the very large quantities of maize which formed the principal article of diet of the native labourers they employed. In view of the considerable initial outlay involved, the Government undertook to establish such an Agency, and to conduct it free of charge for a period of one year, the Societies to pay a commission of 1½ per cent. on all business transacted by the Agency on their behalf, subject to the condition that on the expiration of the stipulated period of one year the Societies should take over the Agency as a going concern, and relieve the Government of further responsibility. This arrangement was in due course carried into effect.

The opening up of this new channel soon produced an effect upon the local maize market. The enormous supplies with which the Agency was in a position to deal afforded this great advantage over competitors that without involving any great risk to Societies it could quote reasonable prices for indefinite quantities, a form of contract much favoured by the Mining Companies for the reason that their supply of labour is subject to fluctuations, and that consequently a contract for the supply of their actual consumption of maize is more convenient and economical than a binding obligation to purchase a stipulated quantity, whereas to the general merchant such a contract by reason of its vagueness frequently involves a transaction of a very speculative nature. It is not surprising, then, that in June 1909, soon after its establishment, the Agency was successful in obtaining several large contracts on such terms at a remunerative figure.

(d) *The Working of the Societies.*

But while the broad lines along which the movement was being directed were in accordance with approved methods for the attainment of true co-operative organisation, the details were defective.

The individual Societies, under the administration of Boards of Directors whose knowledge of commercial business in many cases was not sufficiently intimate to enable them to exercise effective supervision, were often under the complete control of local men, hurriedly appointed in a more or less accidental manner and possessing no particular qualification for the post of manager, who perpetrated every possible outrage on accepted business principles.

The nature of the business transacted was such that the cumulative effect of the many mistakes they made was not immediately discernible, and although two Government Inspectors were appointed some twelve months after active operations had been commenced, these men were at first in a position to make merely superficial enquiry, and it was not until they began to conduct exhaustive investigations, that the true position was disclosed. It was then found that although a few of the Societies had made good progress, the greater number were either hopelessly involved or on the verge of bankruptcy; that the books and accounts were in such condition as to render it almost impossible to ascertain the exact state of affairs; that the funds of the Societies had been dissipated in the form of indiscriminate credit to members and others; that advances had been made on produce which had never been delivered; and in short that chaos reigned supreme. A number of the Societies never recovered from the effects of this early disaster. Burdened with debts, and with the confidence of the members rudely shaken, they lacked support, and eventually disappeared. Others effected a thorough reorganisation, dispensed with the services of incompetent servants, retrieved their losses, and to-day are flourishing organisations.

Compliance with the conditions under which the Government had established the Central Agency, required that the Societies should take it over as from the 31st May, 1910, an arrangement which in due course was carried into effect, the Agency being reconstructed as a private company with limited liability and a share capital of £3,000 divided into 30 shares of 100 available to registered co-operative societies.

It should be mentioned that the actual cost to the Government of running the Agency was £668 16s. 1d., plus the depreciated value of a certain threshing machine purchased by the Agency for £669, in respect of which a dispute had occurred. This machine was taken over at cost price and used for Government purposes.

From a financial point of view the result of the operations of the new company during the first two years of its existence, was not satisfactory. Although the commission earned on a 1½ per cent. basis was quite sufficient to cover reasonable working costs, heavy losses were incurred as the result of indifferent management, and of certain speculative transactions of a nature quite foreign to the object for which the Agency had been established.

It would appear, however, that the effect created by this setback amply counteracted the significance of the losses. The Agency was forthwith reorganised, risky business was avoided, and within a very short time recovered the whole of the losses it had previously incurred.

It succeeds every year in obtaining good contracts on behalf of its Societies, and although in abnormal seasons the price of malicis has risen so high as 22 shillings, per bag of 200 lbs., it has always fulfilled the obligations imposed by the contracts into which it had entered.

That in this way it has inspired confidence, may be gathered from the fact that contracts entered into with the Mines are not now required to be

guaranteed by the Land Bank, a private arrangement, involving less inconvenience to both, being entered into by the contracting parties.

It has already been stated that at the 31st December, 1909, the number of Societies actually carrying on business was 25 with a total membership of 4,585. During the subsequent twelve months one additional active Society was registered with a membership of 109, and the total number of members of all active Societies increased to 6,946.

In the year 1911, three of these Societies were removed from the Register, and two ceased operations; one hitherto inoperative Society started operations, and one new Society was registered, the position at 31st December, 1911, being as follows :

No. of Active Societies.	23
Total number of Members of such Societies	9,575

During the subsequent fifteen months, three active Societies were dissolved, the position at 31st March, 1913, being as follows :

Total No. of Active Societies	20
Total No. of Members of such Societies	11,343

At the 31st March, 1914, there were :

Societies in Active operation	20
Total number of Members of such Societies	11,791

A comparison of the figures quoted above with those contained in the official reports of the Registrar of Co-operative Societies will disclose an apparent discrepancy, which is accounted for by the fact that, with a view to affording a correct indication of the progress made, only Societies actually carrying on business during the respective periods have been here considered.

The following approximate Statement of the total turnover of Societies during the past three years may be accepted as fairly accurate :

TABLE III. -- *Total Turnover of Co-operative Agricultural Societies in the Transvaal.*

	1911	1912	1913
<i>Produce :</i>			
Malles sold (bags of 203 lbs).	759,000 bags.	879,000 bags.	639,452 bags
Tobacco sold.	1,246,076 lbs.	2,496,635 lbs.	3,464,514 lbs.
Value of other produce sold.	£108,000	£104,000	£87,434
<i>Farm produce, requisites :</i>			
Value of Machinery, etc., sold to members	£142,000	£167,000	£193,700

(e) *Loans to Societies.*

It will be apparent from the particulars furnished above in respect of the amount of business transacted that considerable capital is required in order to provide for the payment of advances, to meet the expenditure involved in the acquisition of storehouses, and to defray other working charges.

Many of the Societies obtain their banking facilities through the medium of the Land Bank, while others prefer to deal with ordinary Banks. In either case the loan usually takes the form of a floating overdraft, the amount of which fluctuates considerably from time to time. It may be mentioned, however, that at the 31st December, 1913, the total amount outstanding in respect of loans granted by the Land Bank to registered Co-operative Societies was about £290,000, while the facilities afforded by other Banks probably fell very little short of that total.

There are two important features which distinguish Land Bank loans from loans obtained from other sources. The first is that whereas a Society is entitled to obtain financial assistance from the Land Bank on the authority of two-thirds of such number of members as may be present at the general meeting specially called for the purpose, other loans require the approval of not less than two-thirds of the total number of members of the Society. This distinction was effected by means of an amendment contained in the Act constituting the Land and Agricultural Bank of South Africa, and was designed to meet the difficulties experienced by Societies, on account of the wideness of the area over which members are scattered, in obtaining the larger majority.

The second point of difference is that whereas the term "joint and several liability" is applied in its ordinary significance in the case of private banks, the Land Bank's remedy for compelling satisfaction lies in distributing the indebtedness among all the members in so far as they are able to pay.

The Land Bank employs one or two Inspectors to conduct inspections from time to time in order to ascertain whether the conditions under which loans have been made are being observed. Such inspections are quite distinct from those made under the direction of the Registrar and are less exhaustive, being directed more particularly to securing the interests of the Bank.

There is this broad difference between advances made to Transvaal Societies and the loans granted to the Cape Societies, that although in the case of the former, failures have occurred amongst the Societies, it has never seriously been suggested that the Government should relieve the members of their indebtedness, while the Cape organisations, as we have seen, were materially aided in that respect.

(f) Future Prospects.

It may confidently be anticipated that of the Societies contained in the attached list of existing organisations, two will shortly be dissolved, and that their withdrawal will involve a loss of about 600 members.

The financial position of two other Societies is also unsatisfactory, and it is not improbable that they, too, will eventually find it necessary to discontinue operations.

The remaining 16 Societies are financially sound, and their membership is steadily increasing. They have aimed principally at obtaining for the farmer a permanent market and a fair price for his produce, but have succeeded at the same time in accumulating reserve funds ranging from the equivalent of a few pounds to as much as £18 per member. During the past two seasons they have felt the effect of the general drought experienced throughout the country and in normal seasons may be expected to strengthen the excellent position they have already attained.

The particular business to which their energies have mainly been devoted is capable of enormous expansion, for South Africa affords exceptional opportunities for the profitable cultivation of maize, the climatic conditions being such as to render possible the raising of large crops of a quality equal to the maize grown in any part of the world, without involving artificial aid in the process of drying.

But the attainment of the best results is dependent upon the early adjustment of certain defects which experience has disclosed in connection with the movement, and which have certainly retarded its progress.

There is a general tendency on the part of the members to rely too completely upon the Directors for the due conduct of their joint affairs, and similarly on the part of the Directors to delegate their functions to the Manager, or such other person as is charged with the performance of the practical business of the Society.

Members are often disloyal, and although various devices have been introduced with a view to counteracting the difficulty, Societies continue to suffer severely as the result of the failure of members to deliver their produce, when the opportunity is presented to them of obtaining elsewhere a higher price than is represented by the initial advance offered by their own organisation.

And as a body they are not always loyal to the Central Distributing Agency, instances frequently coming to light in which Societies have disposed of parcels through some other channel in order to secure a slight advantage, forgetful of the fact that it was the influence exercised by the Agency that had compelled the offer of the special inducement to which they succumbed.

Advances are sometimes made to members at a higher rate than is justified by the condition of the market, with a view to combatting the influence of the local storekeeper, and occasionally with the object of entering into competition with another Society and attracting its members.

The spirit of rivalry between the Societies is further stimulated by the absence of any complete agreement for regulating the supply of maize to the market. So far as the Mines and similar contracts are concerned, the Societies undertake to participate on equal terms, and to deliver whenever required, but the Central Agency has not effective control over the remaining stocks, and can effect sales only when instructed so to do by the respective Boards of Directors. It is probable, however, that this difficulty will gradually disappear. Societies have not yet gained sufficient confidence in the Central Agency to agree to the whole of their crop being placed unreservedly in the hands of that institution, but a scheme has been suggested, and will probably be introduced, whereby the procedure adopted in the case of the contracts shall be applied to the exportation of maize, in which Societies shall be required to participate in strict proportion to the stocks they control. Comparatively little maize will then remain for independent disposal, and the successful application of the scheme will no doubt pave the way for a complete amalgamation of crops.

There is further the great danger which arises from the giving of indiscriminate credit to members in connection with the sale of farming equities. Conducted on sound lines, this business supplies additional revenue which is of material assistance in making ends meet, but when, as frequently happens, care is not taken to prevent an accumulation of outstanding accounts, it becomes a source of weakness rather than of strength. The regulations of all Societies provide that transactions of this nature shall be conducted on a cash basis or against proper security, but the proportion of credit to cash transactions is very high, while the security obtained is often of doubtful value, consisting in the main of promissory notes, with or without a separate endorser, which are often accepted without sufficient enquiry into the financial standing of the member or his surety, and allowed to remain unpaid long after they fall due. There are Societies whose Directors exercise the most careful supervision over the outstanding accounts, but the disposition generally is to rely upon the discretion of the Manager, who is not always a competent judge. It must be admitted that during the past twelve months the various Boards of Directors have paid increased attention to this matter, and in many instances have adopted the practice of having a statement of outstanding accounts and securities prepared and submitted at each monthly meeting of Directors, in order that every transaction may separately be considered with a view to the prevention of bad debts. The value of such action cannot be too strongly emphasised.

And finally, the system of Inspection employed by the Government is not complete. The history of agricultural co-operation in the Cape and other countries furnishes a clear indication that regular and detailed investigations of the books and affairs of the Societies, by persons thoroughly versed in the intricacies of the particular business transacted, is essential. Two Inspectors, the number now engaged upon this work, are clearly unable to visit all the Societies at sufficiently frequent intervals to ensure effective supervision, and with the rapid growth of the movement the posi-

tion in this respect is becoming acute. In the event of further assistance not being forthcoming from the Government, Societies would be well advised to subscribe to a common fund for the appointment of their own Inspectors.

TABLE IV. — *List of Active Co-operative Societies in the Transvaal with Particulars of Membership.*

Name of Society	Number of Registered Members (Mar. 31st, 1914)
Bethal Landbouw Co-operatieve Vereeniging	532
Centraal-Westelijke Co-operatieve Landbouw Vereeniging	573
Ermelo Co-operatieve Vereeniging	136
Heidelberg Co-operatieve Landbouw Vereeniging	183
Hoogeveld Eendracht Boeren Ko-operatieve Vereeniging	517
Koster Co-operatieve Landbouw Vereeniging	824
Krugersdorp en District Landbouwers Co-operatieve Vereeniging	206
De Lichtenburg Co-operatieve Landbouw Maatschappij	1,267
Lydenburg Ko-operatieve Landbouw Vereeniging	217
De Magaliesberg Co-operatieve Tabaksplanters Vereeniging	2,368
Marico Boeren Ko-operatieve Vereeniging	321
Middelburg Landbouwers Co-operatieve Vereeniging	721
Olifantsrivier Co-operatieve Dorschwerk	193
Potchefstroom Co-operatieve Landbouw Vereeniging	1,436
Pretoria Landbouw Ko-operatieve Vereeniging	86
Rustenburg Boeren Kooperatieve Vereeniging	811
Standerton Co-operatieve Boeren Vereeniging	452
Waterberg Landbouwers Ko-operatieve Vereeniging	321
Wolmaransstad Co-operatieve Landbouw Vereeniging	206
Zoutpansberg Ko-operatieve Landbouw Vereeniging	377
	<hr/> 11,761 <hr/>

§. 4 CO-OPERATION IN THE ORANGE FREE STATE.

Several undertakings having for their object the application of some or other of the main features of co-operation to particular branches of the agricultural industry, have been attempted in the Orange Free State, but after a short period of existence have proved a failure, with the exception of a number of creameries engaged in a modified form of co-operation, to which loans have been made from public funds on lines very similar to those upon which financial assistance was given to the Cape organisations, but in more even proportion to the interest of the shareholders in the

venture. The shares are mainly held by actual suppliers, and for that reason the general policy of these creameries is to pay the highest possible price to such suppliers in preference to the distribution of large dividends. Thus, the Articles of Association of the Tweespruit Dairies, Limited, the largest and one of the best conducted of the organisations in question, while restricting the payment of dividends to an amount not exceeding 10 per cent. per annum on the paid up share capital, empower the Directors to distribute any part of the profits in the form of a bonus to suppliers of cream, according to the value of butter fat supplied. Under careful administration this company usually pays the full 10 per cent. on the subscribed capital of about £12,000, in addition to a substantial yearly bonus. Similarly good progress is being made by other creameries, notwithstanding that the effect of drought has been particularly severe, having necessitated on frequent occasions complete suspension of operations in individual cases for several consecutive months.

The satisfactory results attending the operations of the Transvaal Produce Societies, created a desire for similar facilities among the produce farmers of the Orange Free State, and an Act (No. 1 of 1910) identical in all essential respects with the Transvaal Act, was duly passed. When the Colony was absorbed in the Union of South Africa, control of this movement was delegated to the Registrar of Societies in the Transvaal, but although several Societies have been registered under the Act, one only has started operations. The explanation of this apparent apathy probably lies in the fact that facilities similar to those afforded to Transvaal Societies for receiving expert advice and assistance in the formation and carrying on of such undertakings have not been placed at the disposal of Free State farmers by the Government. It is probable that until such time as a Government Department of sufficient capacity and numerical strength effectively to supervise operations in the two Provinces is established, the movement will make very little progress in the Free State.

§ 5. PROPOSED UNION LEGISLATION.

It has been announced by Ministers that an early opportunity will be taken of presenting consolidating legislation applying the general terms of the Transvaal and Orange Free State Acts to the whole Union, and with that object in view a suitable draft has been prepared. The new Act may be expected to vary existing legislation in the following respects:

(1) With a view to facilitating the raising of loans, Societies will be allowed to hold more than one series of meetings within a stipulated period if, at the end of the original series, it be found that the necessary number of votes, namely two-thirds of the total number of members, has not been secured. In the special case of loans raised from the Land Bank no alteration will be made in the present law, which requires that the approval shall be obtained of two-thirds of such members as are present at one special meeting.

(2) Amendments of regulations will require the approval of two-thirds of those members who are present at one special meeting held for that purpose, instead of two-thirds of the total number of members, the object of the alteration being to obviate the difficulty experienced by many Societies in securing the presence of the larger majority, and further to avoid the consequent expense.

(3) A clause will be inserted providing for part payment by Societies of the cost of Government Inspection in special cases where circumstances necessitate, and the Societies desire, more than ordinarily detailed investigations.

(4) The cost of publishing balance sheets will be avoided by effecting registration thereof in the office of the Registrar, where they will be open to public inspection.

(5) Members will be allowed to resign only at the end of a financial year.

§ 6. LINES OF PROBABLE EXPANSION.

In dealing with matters affecting the Transvaal, reference was made to the part played by the Produce Societies in developing the South African maize trade; but other branches of the Agricultural Industry afford similarly wide scope for co-operative action, and the fact that in the one month of January, 1914, articles of food and drink to the value of £322,851, were imported which were capable of being produced in the Union of South Africa, serves to emphasise the point.

Now a considerable quantity of wool is grown in South Africa, but does not secure high prices for the reason that the wool-grower of this country does not fully appreciate the value of keeping his wool free from excessive grease, dust, vegetable matter, and other impurities, nor does he pay sufficient attention to its classification and baling. Indeed, there is little inducement for him to do so for the reason that under present conditions much of the wool is disposed of to local buyers who do not pay correspondingly high prices for the properly treated and sorted consignment, while the overseas markets are not available to the small grower. The remedy undoubtedly lies in effecting a combination of forces for the collective sale of wool by South African growers, and for the appointment of their own selling agents and brokers, with a view to reducing the cost of handling, securing a wider market, and obtaining prices varying in corresponding degree to the quality of the article sold.

This matter is at present receiving the attention of the Transvaal Societies.

The sale of tobacco, too, offers opportunities for the profitable application of co-operative methods, and a start has already been made in the Rustenburg District of the Transvaal where the Magaliesberg Co-operative Tabak-planters Vereeniging, as the result of three years' working, has secured for growers a very considerable increase in the average price realised.

on particular grades, and for itself a reserve fund of over £9,000, having dealt with two and a half million pounds of tobacco during the year 1912 and three and a half million pounds during 1913.

There is evidence that the supply of South African grown tobacco has overtaken the local demand, and the necessity of obtaining an overseas market has therefore become imperative. Action is being taken by the Government in this connection, and the Magaliesberg Society has decided to send a representative to Europe to make independent search for an additional outlet for the Society's large supplies. But local prices for South African tobacco, are in excess of the prices realised on the European markets for tobacco of similar quality imported from other sources, and inasmuch as the local product possesses a particular flavour which is not immediately appreciated by the average consumer, but which is distinctly an acquired taste, further increases in the output must necessarily be followed by a reduction of the selling price.

Present indications do not warrant any assumption that the machinery afforded by the new Act will extensively be utilised, in the near future at any rate, for the establishment of creameries, of which there are now in existence in the various Provinces of the Unions about thirty-five, being mostly companies with the responsibility of shareholders restricted to the amount of their shares, a form of liability which would appear to be preferred by dairy farmers to the principle of unlimited liability.

But the respective merits of the two forms of liability are open to dispute. Success is not dependent upon the adoption of any one of the many systems of co-operation in vogue; and the effective organisation of particular branches of the agricultural industry may necessitate deviations from the methods here described. The essential feature is concerted action on businesslike lines by farmers imbued with the true co-operative spirit.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

VARIOUS COUNTRIES.

AGRICULTURAL CO-OPERATION AND RURAL CREDIT IN EUROPE. PART 1, Information and Evidence; PART 2, Bibliography; PART 3, American Evidence. *Senate Document No. 214.*

REPORT OF THE AMERICAN COMMISSION. PART 1, Observations; PART 2, Minority Report, Observations and Recommendations. *Senate Document No. 261.*

REPORT OF THE UNITED STATES COMMISSION. PARTS 1 AND 2, Land-Mortgage or Long-Term Credit; PART 3, Personal or Short-Term Credit. *Senate Document No. 389.* Government Printing Office. Washington, 1914.

These publications, all of which are Senate Documents, constitute the evidence and reports of the two Commissions from the United States and Canada which visited Europe in 1913 for the purpose of studying the questions of rural credit and agricultural co-operation.

It may be recalled that one of the Commissions—the United States Commission—was nominated by the President of the United States and consisted of seven members under the Chairmanship of Senator Duncanson U. Fletcher, while the second Commission—the American Commission—was organised by the Southern Commercial Commission and was composed of nearly seventy delegates from the various States and from Canada.

The Commissions began their investigations in Italy, their arrival in Europe having in fact been timed to coincide with the General Assembly of the International Institute of Agriculture which was meeting in Rome in May, 1913. On their return to the United States they collaborated in compiling Senate Document No. 214 which consists of collected Evidence and a Bibliography.

Part I which contains the "Information and Evidence" collected in Europe is a volume of more than nine hundred pages, and is in effect a series of monographs dealing with agricultural co-operative institutions of every kind in fourteen different countries. It includes addresses delivered at the hearings held by the Commissions in the towns visited, reports from Sub-Committees charged with the investigations of different institutions, and specially prepared Government reports. Agricultural Co-oper-

ation in Italy is dealt with in a monograph prepared by the International Institute of Agriculture.

PART 2 of Senate Document No. 214 is a valuable Bibliography compiled during the investigations in Europe, and PART 3 consists of Reports upon the agricultural needs of the various States of the Union compiled by special committees appointed at the request of the American Commission.

PART 3 contains also the text of the Acts relating to co-operative societies which have already been passed in Texas, Wisconsin, New York and Massachusetts.

The Commissions drew up separate Reports. The Report of the United States Commission in so far as it relates to land mortgage credit has already been examined in an article in the May number of this *Bulletin*. In subsequent articles in our issues for November and December we shall deal with the final part of this Report, which relates to short term or personal credit, and with the full Report of the American Commission.

GERMANY.

WUTTIG (Dr. MARTIN): DIE ORGANISATION DES GENOSSENSCHAFTLICHEN GELDAUSGLEICHES. EIN BEITRAG ZUR ZENTRAALKASSENFRAGE (*Organisation of the Clearing House for the Co-operative Credit Societies. Study of the Problem of Central Banks*). Jena, Fischer, 1914.

The general development of co-operative credit and some disadvantages of the system that have recently manifested themselves have given prominence to the subject of clearinghouses for co-operative credit societies and led to many publications on the subject. Dr Wuttig's work is one of the most recent contributions to the study of the problem. In the first, the theoretical, part of his book, he shows that for the various classes of co-operative societies, with different fields of action, the question of the balance between supply of and demand for money is very different. In the Raiffeisen societies, for example, the limited field makes it very difficult to obtain such a balance without recourse to outside aid.

The problem of the establishment of this balance presents itself under very different aspects according as there is a lack of capital to invest or a difficulty in finding investments for capital.

If it be admitted that the problem may be solved by the intervention of an intermediary between the various banks wishing to balance supply and demand, such an intermediary may be a purely passive instrument for book keeping purposes merely, or a separate organisation with its own capital, serving as a guarantee for the Institutes concerned, assuring the permanence of its work, helping to solve the problem of the realisation of immobilised capital and making up for the insufficient resources of the whole group interested.

A large part of Dr. Wuttig's work is devoted to the study of the financial basis and the legal forms of the intermediate organization which must be such that it may meet the conflicting and mutual compensating requirements. The author then examines the practical solutions offered by the Raiffeisen system and inspired by the "*Offenbacher Programm*", and is careful to note the relations existing between the systems.

The latter part of the volume is devoted to an examination of the principles set forth, with the help of comparative statistics derived from experience. The author considers the system of direct centralisation and the local system with indirect centralisation. He concludes by stating that the advantage of a perfectible system of clearance for the co-operative societies is demonstrated by practice and by theory.

BELGIUM.

RAPPORT RELATIF À L'EXECUTION DE LA LOI DU 31 MARS 1908, SUR LES UNIONS PROFESSIONNELLES PENDANT LES ANNÉES 1908-1910, PRÉSENTÉ AUX CHAMBRES LÉGISLATIVES PAR M. LE MINISTRE DE L'INDUSTRIE ET DU TRAVAIL (*Report in relation to the Execution of the Law of March 31st, 1908 on Professional Unions for the Years 1908-1910, Presented to the Legislative Chambers by the Minister of Industry and Labour*). Kingdom of Belgium. Department of Industry and Labour. Social Insurance and Thrift Office. Brussels, D. wit, 1911. CIII + 381 pages.

This is a voluminous Report on the results of the Law of March 31st, 1908 on Belgian Professional Unions, presented to Parliament by the Minister of Industry and Labour. It gives, from the year 1898, the number of legally constituted unions with their members, dividing them into seven classes, masters' unions, workmen's unions, unions of masters and workmen, farmers' unions, clerk's unions, unions of members of the liberal professions, and tradesmen's unions. The largest number recognised during the period under consideration are the farmers' and the workmen's unions. In 1910, the agricultural unions represented 64 % of the total number recognised in the year and their effective members formed 68 % of the total number of members of all the unions.

The report examines in detail the revenue and expenditure of the unions, the importance of their purchase and sale business authorized by law, their action for the protection of the members' professional interests and, finally, their federal organisation. Special information is given in regard to the assistance and encouragement received from the State, to the intervention of which the progress of the professional unions may be largely attributed. We have utilised the figures given in this report in our article on Professional Unions in Belgium published in the last number of our Bulletin.

GREAT BRITAIN AND IRELAND.

FIFTH ANNUAL REPORT OF THE NATIONAL FARMERS' UNION. Published by the "Mark Lane Express". London, 1914.

The National Farmers' Union founded in 1908 has at the present time a membership of 25,000 and is represented by Branch Unions in almost every County in England and Wales. The Annual Report for the year ending December 31st, 1913, gives a full account of the work of the Union on behalf of English farmers during the year, contains a statement of aims and objects, and shows the Union's financial position at the end of the year. The Report shows that the Executive Committee at its meetings dealt with a large number of questions, all of immediate interest to farmers, and including Compensation for Disturbance, Local Taxation, Highway Grants, Parcel Post Rates, the Earnings of Agricultural Labourers, and Mutual Insurance.

The Union thus defines its own constitution and objects: "The National Farmers' Union is a combination of farmers in actual practice for their own interests. Its principal object is so to influence legislation and the administration of the laws, both national and local, as to protect the farmer against exploitation and to promote the prosperity of his industry".

The Union offers certain direct benefits to its members. It furnishes them with expert legal advice in disputes, and takes charge itself of any case in which the interests of the farmers as a class are involved. In connection with Lloyds it has worked out a scheme of insurance under which members may insure against fire and lightning, accident and sickness and certain other risks at specially low rates.

These and other benefits of membership are fully explained in the Annual Report, which contains, it should be mentioned, a "Parliamentary Boeranie", in the form of a statement of the attitude of the Union towards all the questions relating to agriculture at present before Parliament or likely in the near future to be under discussion.

MINISTRY OF AGRICULTURE AND FISHERIES. Model Rules for a Rural Co-operative Credit Society, with Shares and Limited Liability. London, His Majesty's Stationery Office 1913-1914.

It has been the experience in England that the attempt to found Rural Co-operative Credit Societies on a basis of unlimited liability is not likely to meet with success, and this explains the appearance at the present moment of the *Model Rules for a Rural Co-operative Credit Society with Shares and Limited Liability*. The societies which it is hoped to form under these

rules would be registered under the Industrial and Provident Societies Acts, 1893 to 1913. The *Rules* are divided into two Parts. The more important rules from the point of view of the ordinary member are contained in Part I, which deals with Shares, Borrowing by the Society, Loans to Members, etc. Part II contains the rules relating to the duties of officers and to the administration of the Society generally.

ITALY.

ELENCO DELLE SOCIETÀ COOPERATIVE E MUTUE AGRARIE ESISTENTI IN ITALIA AL 31 DICEMBRE 1913. CONFEDERAZIONE GENERALE DELLE COOPERATIVE E MUTUE AGRARIE ITALIANE (*List of Agricultural Co-operative and Mutual Societies in Italy on December 31st., 1913. General Confederation of Italian Agricultural Co-operative and Mutual Societies*). Impt. G. Ballini, Porto S. Stefano, 1914, XV + 200 pp.

This list of Italian Agricultural Co-operative and Mutual Societies made very opportunely by the General Confederation of Italian Agricultural Co-operative and Mutual Societies, gives the number and class of those existing in each province on December 31st., 1913. The co-operative societies, 5,289 in all, are grouped in eight classes: agricultural consociations and co-operative purchase societies, rural co-operative banks, wine making and viticultural co-operative societies, co-operative dairies, stallion consociations, collective farms, co-operative superphosphate factories, and miscellaneous co-operative societies. The agricultural mutual societies, 1,661 in number, are divided into four classes: (a) mutual fire insurance; (b) mutual livestock insurance; (c) mutual accident insurance; (d) miscellaneous mutual societies. The title and head quarters of each society are given. This useful publication also contains a list of the *usi civici* and the collective farms; it is the first of the kind published in Italy and consequently is of quite special interest.

SWEDEN.

KOOPERATIV VERKSAMHET I SVERIGE, ÅREN 1908-1910 (*Co-operative Action in Sweden from 1908 to 1910*). Official Publication of the Royal Department for Social Affairs. Stockholm: Nordstedt and Son, 1914, large 8vo., pp. 610.

Swedish legislation leaves "societies for economic action" (as co-operative societies are officially styled) full liberty to register themselves officially or not. Consequently, the official statistics based only on the Government registers give a very incomplete idea of the development of the co-

operative movement in Sweden. Out of more than a thousand co-operative horned cattle improvement societies existing in Sweden at the beginning of this year, for example, only one had thought necessary to register.

This is doubtless one of the reasons why the official statistics of the Swedish co-operative societies have hitherto not been published. A proposal for their publication was discussed in 1902, but for reasons it would be too long to state here, it was deferred from year to year. It was only after the institution of the Social Affairs Department that it was at last seriously studied and the volume before us is the first result of this study.

Let us at once say that the contents do not altogether correspond with the title of the book. The Social Affairs Department has classified the Swedish co-operative societies in two large groups, workmen's co-operative societies and agricultural co-operative societies, each subdivided into ten classes, according to the ends they pursue (1). Now, although the volume just published does not bear a number, it is evident that it is only the first of a *series*, which, let us hope, will not be long before it is completed. In fact, of the twenty different classes of co-operative societies of which we have just spoken, the present volume only studies three, that is the first three of the group of workmen's co-operative societies, the distributive

(1) We here give this subdivision in detail.

I. — WORKMEN'S CO-OPERATIVE SOCIETIES.

- A. Co-operative Distributive Societies.
- B. Co-operative Restaurants and Coffee houses.
- C. Workman's Co-operative Societies for Production.
- D. Co-operative Stevedores' Societies.
- G. Co-operative Printers' Societies.
- H. Co-operative Credit Societies.
- I. Miscellaneous Co-operative Societies.
- J. Central Co-operative Societies.

II. — AGRICULTURAL CO-OPERATIVE SOCIETIES.

- K. Central Co-operative Societies.
- L. Co-operative Societies for Purchase of Farm Requisites.
- M. Co-operative Societies for Purchase of Machinery.
- N. Co-operative Societies for the Preparation of Peat Moss.
- O. Co-operative Dairies.
- P. Co-operative Slaughter Houses.
- Q. Co-operative Societies for the Purchase of Eggs.
- R. Co-operative Livestock Improvement Societies.
- S. Co-operative Distilleries.
- T. Miscellaneous Co-operative Societies.

the restaurant and coffee house societies and the workmen's co-operative societies for production.

These three classes of co-operative societies not entering immediately into the field of study of this Institute, we shall confine ourselves for the moment to noting the signal importance of the work undertaken by the Royal Department for Social Affairs in Sweden, as well as the abundance the detail and the precision of the statistical data this first volume places at our disposal.

Hoping that the continuation of this remarkable work will soon appear, we shall reserve the detailed study of the entire work until the volumes dealing with agricultural co-operation properly speaking are published.

Part II: Insurance and Thrift

GERMANY.

THE BAVARIAN HAIL INSURANCE INSTITUTE

by DR. GIUSEPPE ROCCA.

(Continued).

§ 3. FINANCIAL ORGANIZATION AND STATISTICS OF THE PROGRESS OF THE INSTITUTE.

The funds out of which the Institute pays claims and its own working expenses are the annual premiums, the State subvention and the interest on capital not placed to the reserve fund (especially interest on current accounts in the Royal Bavarian Bank (1), which has been appointed by law to act as the Institute's Bank).

We have already, in the last section, referred to the principles in accordance with which the premiums are fixed. These premiums, fixed as above indicated, amounted in 1913 to 4,436,725 marks. We will now consider the State subvention.

The law of February 13th., 1884, establishing the Institute, provided that there should be assigned to it by the Treasury an initial capital of 1,000,000 marks, to be administered by the Treasury, as a fund belonging to the State and appropriated to a special purpose, the accounts to be kept in separate books. The Institute profits directly only by the interest, amounting to 35,000 mks., which is added year by year to the reserve fund.

In the second place, the 1884 law provided that the State should give the Institute an annual subvention of 40,000 marks; this grant was heretofore to form part of its ordinary income. It was held that, especially at the start, the Institute would not be able to make solid progress unless

(1) The Royal Bavarian Bank is, as we know, also a State Institution, founded in 1780, with headquarters at Nuremberg.

financed by the State, and the subvention was justified on the score of the public utility of the Institute.

From 1884 to 1891 the annual grant from the State was 40,000 marks; in 1892 a special law established a further annual subvention of 70,000 mks., to be granted only in case the funds of the Institute were insufficient to pay 80 % of the estimated losses. In 1892 and 1894, it was only necessary for the Institute to use part of this subvention, and the total assistance given by the State amounted in 1892 to 95,468 marks, and in 1894 to 40,000 marks; in 1896 and 1897, however, the State was called upon for the full amount and in those two years the total State subvention amounted to 110,000 marks. In 1898, in consideration of the amounts assured by the Institute having increased from about 11,000,000 mks. in 1884 to about 176,000,000 mks., the annual subvention was also permanently increased and fixed at about 200,000 marks. From 1898 to 1911, this amount was always granted; in 1912 and 1913, however, owing to the financial difficulties of the Bavarian Government, the subvention was suspended; however, in any case to secure the policy holders against a reduction of their claims the financial law of November 2nd, 1912, setting aside the provisions of the law of 1884 instituting the Institute, provided that in case the ordinary revenue did not suffice for the payment of the claims in full, after deduction of working expenses, the Institute might draw on its initial capital, up to the amount of 200,000 marks a year, to pay the balance. As we have already said, the law of 1884 had laid it down that the Institute could not in any way reduce this initial capital or guarantee fund by drawing upon it.

It is finally to be observed, that by the financial law of August 10th 1904, the Government, in order to increase the reserve fund of the Institute granted it a special subvention of 1,500,000 marks; and, when this is added to the foundation capital and the above mentioned annual subvention we find that, all told, from 1884 to 1913, the Insurance Institute received from the Bavarian State the amount of 6,102,737 marks.

This, however, does not yet represent the entire amount of the charge the Bavarian State supports in connection with the Institute; we must take account of the fiscal exemptions and privileges to be mentioned hereafter. On the other hand, the 1884 law expressly lays it down that no refund of taxes in consideration of damage caused by hail will from 1911 be allowed, except when the farmer has applied to be insured in the Institute and the application could not be granted (for example, when the excessive accumulation of risks in a given district has to be avoided), but this case is exceptional, while all those who purposely neglect to insure with the Institute or those policy holders who have insured all or part of their produce have no further right to the above relief.

The *reserve fund* of the Bavarian Insurance Institute amounted at the end of 1913 to 14,800,000 marks, a much larger amount than that of all the German private hail insurance businesses. It is formed:

- (1) of interest on the foundation capital;

(2) of interest on the reserve fund (on long term investments or credits in current account) ;

(3) of entrance fees. (Every new policy holder registered, as also the policy holders who intend to increase the amount of their insurance must pay a fee of 20 pfennig per 100 marks of the amount assured, or of the increased amount of the insurance asked for) ;

(4) of claims lost by prescription or not collected by the claimant within two years from the date on which they were allowed ; or, because the policy holder has been condemned for defrauding or attempting to defraud the Institute ;

(5) of the profits of the Institute after payment of claims and working expenses.

The Institute must have a special staff for the administration of this fund and special books for the accounts ; in the following table the situation of the reserve fund from 1884 to 1913 is summarised.

As may be seen from the above table, it was only in a few years that the Institute had to draw on its reserve fund in order to pay claims. The law provides that when the ordinary funds (annual premiums, State subvention, interest on capital not placed to the reserve fund) do not suffice to cover eight tenths of the loss, these obligations may be met by drawing on the reserve fund to an amount of the fourth part of that sum as shown for the year.

If, even then, payment cannot be made to the amount of eight tenths of the loss, the individual claims must be reduced in a proportion sufficient to cover this loss.

Thus, for example, in 1908, when hailstorms were exceptionally heavy and frequent, the available income of the Institute amounted to about 4,330,000 marks, while the loss to be made good was 8,341,426 mks. The ordinary funds would, therefore, hardly have sufficed to cover about half the losses ; on the other hand, by drawing on the reserve fund to the extent of a fourth part of the fund itself, 2,166,721 marks were obtained ; and, altogether, there was available, when the payment of the claims began, an amount of about 6,502,000 marks. But, as not even this amount sufficed for 80% of the losses, the amount of the claims had to be reduced in proportion to the deficit, and that year compensation was only given up to 76 %. So also in other years in which there were heavy hailstorms, as in 1891, 1900 and 1903, the amount of the claims had to be reduced respectively to 77 %, 68 % and 58 % of the loss. In the thirty years of the existence of the Institute, the amount of the claims have only had to be reduced to less than 80 % of the loss in the four above mentioned years ; in twelve years more than 80 % of the loss was covered and in fourteen years the claims were paid in full.

The system of reducing the compensation granted, followed by the Bavarian Institute, will be understood when we remember that the premiums are fixed and it has no right to call for supplementary premiums and is based on mutual principles, so that, ultimately, the risk is always to be borne by the policy holders. Further, it has been observed that the

(I) *Special Accounts of the Reserve Fund*

Year	Receipts				
	Profits	Surplus	Amounts	Entrance	Interest
	of the Working Year	Receipts of the Preceding Year	Derived from the Liquidation of Insurance Societies, Claims Lost by Prescription, etc. (1)	Fees	on Foreign Capital (2)
1884	102,640.52	—	—	22,263.41	40,000
From 1884 up to 1889	2,544,244.79	—	510,730.02	496,660.42	627,621.11
1900	—	168,448.22	730,292.00	25,707.90	35,000.00
1901	20,582.22	2,047.93	1,970.70	35,414.00	35,000.00
1902	—	182,817.65	8,193.73	36,590.20	35,000.00
1903	—	67,784.82	500,180.00	31,551.10	35,000.00
1904	2,462,336.79	16,166.33	7,187.00	43,268.70	35,000.00
1905	762,079.86	614,147.47	—	27,300.30	35,000.00
1906	333,473.00	1,119,765.16	273.93	20,067.50	35,000.00
1907	162,929.16	765,871.80	303.00	30,711.50	35,000.00
1908	—	499,137.41	1,302,246.00	51,925.50	35,000.00
1909	1,533,670.78	11,717.56	30.90	48,644.70	35,000.00
1910	905,278.97	576,301.37	4,019.90	33,841.40	35,000.00
1911	1,734,868.94	1,260,929.65	132.40	32,069.90	35,000.00
1912	1,000,197.44	2,375,415.56	271.20	31,215.40	35,000.00
1913	—	2,426,697.79	—	23,192.60	35,000.00

(1) As already mentioned, in 1889 a private Bavarian insurance society went into liquidation. Liquidated with the reserve fund. — (2) Situation on March 1st, 1900. — (3) At the Exchange Value, 100.00.

reduction of compensation, provided it does not exceed a certain limit cannot constitute an excessive burden for the policy holders, since they are saved, entirely or in part, the risk of harvesting and sale of their produce, on which, in certain circumstances, they may have even a heavier loss than 20 %. And to prevent the reduction exceeding the limits above indicated, in 1903 the annual premium rates were appreciably raised the average proportion of the premiums to the amounts assured rising from 1.38 % in the preceding year to 1.59 %.

Finally, as may be seen from the same table, the reserve fund has appreciably increased in recent years, so that the policy holders may safely count on receiving, even in years of exceptional hailstorms, compensation at least to the amount of 80 % of the damage. In fact, in these latter years, except in 1908, the claims could be paid in full, and since the

Institute, Summarised for the Years 1884-1913.

	Expenditure			Institute's Own Funds		
	Deductions to Cover Claims	Investment of Capital	Other Expenditure for Investments, Interest, etc.	Cash	Securities, Bonds (Nominal Value)	Total
1883-93	—	—	—	165,603.93	—	165,603.93
1894-03	1,158,197.83	3,443,753.44	62,460.98 ⁽¹⁾	168,448.22 ⁽¹⁾	3,240,000 ⁽¹⁾	165,603.22
1903-03	604,938.65	141,750.25	6,017.40	2,647.93	2,660,000	2,662,647.93
1913-13	—	—	5,916.00	182,817.65	2,660,000	2,842,817.65
1924-1	181,673.39	—	5,917.10	67,784.82	2,658,000	2,725,784.82
1927-23	117,465.00	—	5,915.80	16,166.53	2,158,000	2,174,166.33
1932-34	—	3,544,027.77	6,376.10	614,147.47	5,654,000	6,268,147.47
1932-71	—	524,000.00	6,342.85	1,119,765.00	6,178,000	7,297,765.00
1949-56	—	985,000.00	3,231.46	764,871.30	7,178,000	7,943,871.30
1950-51	—	763,470.00	2,520.80	499,137.41	7,943,000	8,442,137.41
1950-76	2,166,721.00	—	2,444.30	11,717.56	6,641,000	6,652,717.56
1954-67	—	1,300,000.00	2,314.10	576,301.37	7,941,000	8,517,301.37
1957-65	—	572,700.00	2,501.60	1,260,929.65	8,511,000	9,772,929.65
1960-76	—	1,017,500.00	2,601.20	2,375,415.56	9,512,000	11,887,415.56
1968-99	—	2,403,900.00	2,841.20	2,426,597.79	11,912,000	14,338,697.79
1980-89	—	2,400,000.00	1,755.60	2,545,325.23 ⁽¹⁾	11,912,000	14,857,124.79

Members were registered with the Institute and the balance of the capital after liquidation was incorporated.

year there has been no need to draw upon the reserve fund; to prevent the compensation in future being reduced by even less than 20 %, the Management of the Institute proposes to use the annual subvention of 200,000 marks, for the creation of a special reserve fund to meet the case.

The proportion of the reserve fund to the amount assured has continually increased, except for inevitable fluctuations in years of more frequent hailstorms, until at the end of 1913 it was 5.29 %. Most of the fund is invested in bonds and Bavarian Government securities; only 2,500,000 marks were in cash at the end of 1913, and of these 2,400,000 marks were deposited in the Royal Bavarian Bank at 3 1/2 %.

As already observed, the Royal Bavarian Bank acts as the bank of the Institute and has opened a credit for it in current account. To cover the costs of its management (entrusted, as we have said to the Fire Insur-

ance Institute), the Hail Insurance Institute has to pay an annual contribution, of 4 pfennig per 100 mks. assured. Up to 1912, the contribution was 2 pf. per 100 mks., but in that year the Finance Law of November 2nd, increased the amount, in view of the flourishing situation of the Institute, so that, while in 1911 the working expenses amounted to 55,119 marks, in 1912 they were twice as much, and came to 113,364 mks. However, the proportion of the working expenses to the amount assured in 1913, 0.08 %) is far lower than generally in private insurance societies and this will be understood when we bear in mind not only that the Fire Insurance Institute was able, without imposing a heavy burden on itself to lend, so to say, its organization and staff to the new Hail Insurance Institute, but also that many State Institutions, as authorized by the law founding the Hail Insurance Institute, co-operate with it, without or almost without remuneration.

However, it is to be observed that the Institute is tending to become independent of the Fire Insurance Institute; thus, from 1909, the costs for the estimation of damages, and, since 1900, those for temporary employees and special work, have not been met out of the contribution of 2 pfennig per 100 marks assured due from the Fire Insurance Institute, but the accounts were kept separately and the Hail Insurance Institute met the expenses out of its own funds. In 1912, for example, the valuation expenses amounted to 45,819 mks. (64,495 mks. in the preceding year) and the expenses for temporary employees and special work to 69,596 mks. (70,131 mks. in 1911). As we have said, the experts are not employees of the Institute, but experienced farmers of the district chosen in the manner already described and paid according to the number of working days; thus the expenditure of the Institute varies with the frequency of the hailstorms in the different years; in 1911, 390 experts had to be employed and they spent altogether 3,600 days on the work entrusted to them; in 1912 there were 360 experts working for about 2,550 days.

The communal offices and tax offices, which are obliged to accept premiums and work really like the agencies of a private insurance business, have a right to 1 % of the premiums collected; the premiums collected by the communes, after deduction of this 1 %, are forwarded to the tax office, which undertakes to pay them into the Royal Bavarian Bank; on the premiums immediately collected by the tax office, the Institute allows a commission of 1 ½ %. In 1912, the costs in connection with the collection of premiums amounted to 88,297 mks., distributed almost equally between the communes and the tax offices. In case it is necessary to resort to the law courts in order to obtain payment of premiums, the costs are repaid in part, but such cases are very rare.

In respect to all the transactions and deeds relating to hail insurance whether judicial or extra-judicial, the Institute is exempted from payment of Government taxes; so also receipts for payment of claims are not subject to taxation. All official correspondence relating to the Institute is post free; payment has only to be made on the expedition of money.

Farmers intending to insure have only to pay the entrance fee and premium; the communal offices cannot exact payment of any other tax or any additional amount; even the registration fees, which up to a few years ago the communal offices were authorized to exact, are now paid by the Institute. The mayors or town clerks who prepare the proposals or make out the yearly declarations are remunerated at the end of the insurance year at the rate of 10 pfennig per page.

Finally, among the working expenses of the Institute we must include the payment of interest on advances it is authorized to obtain from the Fire Insurance Institute on its credit balance, in order to provide for the requirements of the working year. The law establishes the same rate of interest for these loans as the Royal Bavarian Bank guarantees to the Fire Insurance Institute on its investments; thus, the Fire Insurance Institute does not suffer in any way by granting advances to the Hail Insurance Institute and the latter, which only collects its premiums in the latter months of the year, from October to December, while the payment of claims begins at latest in the second half of October, enjoys the advantage of not being forced to borrow on hard conditions in order to obtain the necessary working capital. In 1911, the interest on these advances paid by the Institute was 8,361 marks; in the preceding year it was 15,793 marks.

In the following table the accounts of the Institute for the working years 1884-1913 are summarised; from it we may see, on comparing the amount of premiums collected in its thirty years of work with the total claims paid and the reserve fund of 14,800,000 marks at the end of 1913, how, thanks to the large subventions granted by the State, the policy holders have not contributed at all to the working expenses.

GERMANY - INSURANCE AND THRIFT

(2) Accounts of the Bavarian Insurance Institute for the Years 1884-1913.

Working Year	Receipts			Expenditure					
	Premiums	State Subvention	Interest	Drawn from Reserve Fund	Total	Claims	For Collection of Premiums	Valuation of Workings Expenses	Placed to Reserve Fund
1884	141,986.42	40,000	316.14	—	182,303.56	74,289	3,144.99	2,228.05	102,640.52
1884	(1) 18,702,783.08	1,162,737	15,283.30	1,157,197.80	21,038,001.48	17,779,087	373,016.42	341,653.27	2,544,244.79
up to 1889	—	—	—	—	—	—	—	—	—
1900	2,474,605.20	200,000	10,659.30	904,938.65	3,590,203.15	3,486,019	48,459.55	56,679.91	—
1901	2,684,068.90	200,000	9,603.47	—	2,893,672.37	2,768,910	52,742.12	51,574.54	20,582.22
1902	2,884,789.50	200,000	7,638.96	281,873.39	3,372,301.85	3,261,410	56,797.66	55,152.80	—
1903	3,085,397.80	200,000	8,084.57	717,465.00	4,010,947.37	3,886,556	60,597.66	60,286.57	—
1904	3,683,818.80	200,000	18,114.28	—	3,901,933.03	1,309,234	72,495.50	54,417.36	2,462,336.79
1905	3,764,668.40	200,000	12,391.06	—	3,977,059.46	3,083,486	73,784.86	57,461.42	763,079.86
1906	3,849,561.10	200,000	10,884.06	—	4,060,445.16	3,593,425	75,567.29	60,101.53	333,473.00
1907	3,887,865.80	200,000	9,785.22	—	4,097,651.02	3,782,837	76,126.89	62,640.81	162,929.10
1908	4,136,979.50	200,000	3,015.98	2,166,721.00	6,506,716.48	6,349,570	81,688.67	78,517.55	—
1909	4,721,970.80	200,000	17,781.96	—	4,939,752.76	3,202,746	92,958.64 (2)	122,220.68	1,533,678.78
1910	4,873,270.20	200,000	14,784.90	—	5,088,055.10	3,864,521	95,166.60	217,430.63	905,278.97
1911	4,856,681.00	200,000	14,700.75	—	5,071,381.75	3,040,781	83,138.98	178,174.67	1,734,868.95
1912	(1) 4,689,082.50	200,000	15,089.97	—	4,705,072.47	2,354,081	88,266.65	235,460.86	2,000,197.44
1913	(1) 4,436,725.90	200,000	30,000.00	—	4,466,725.90	4,112,360	80,000.00	254,000.00	—

(1) Less reductions granted to the policy holders of some years' standing. (2) From 1908, including costs of collection, from 1905, also expenditure for loss of the fund.

The almost continuous increase in the amount of premiums collected is in itself a sure sign of the progress of the Institute, but this is shown also in the increase in the number of policy holders, as may be seen in the following table. From which we may also see, when we consider that the average amount assured per policy is about 1,600 marks, that the greater number of the policy holders are proprietors of small and medium sized holdings.

While on March 1st., 1884, when the Institute began work, the largest private mutual insurance society of Bavaria had hardly 6,477 members and the policy holders in other societies were little more than 6,000, already in its first working year the Institute had 7,375 policy holders insured for an amount of 111,000,000 mks. And since 1884, except only in 1905, the amounts insured with the Institute have continually increased.

Certainly many farmers insured against hail were already insured against fire and so the propaganda in favour of the Institute succeeded more easily: yet the progress of the Institute is not therefore less remarkable.

(3) *Work of the Bavarian Institute.*

Working Year	Number of Policy Holders	Number of Insured	Number of Insured Compensated	Amount Assured		Premiums	Losses	Compensation	Reserve Fund	Working Expenses
				Total	Average per Member					
1884	7,375	985	985	11,140,233	1,511	1.27	0.67	0.67	1.49	0.05
from 1884 to 1899 .	1,026,737	121,236	121,236	1,545,495,671	1,505	1.21	1.37	1.15	1.77 (1899)	0.03
1900	125,702	18,315	17,661	194,511,540	1,547	1.27	2.67	1.79	1.37	0.04
1901	131,441	17,345	16,971	205,095,890	1,560	1.30	1.40	1.35	1.38	0.04
1902	137,906	17,862	17,862	215,821,570	1,564	1.35	1.89	1.51	1.45	0.03
1903	141,329	24,533	24,533	223,343,980	1,580	1.38	3.05	1.74	1.97	0.06
1904	144,112	30,674	30,674	251,808,980	1,610	1.59	0.57	0.57	2.70	0.06
1905	142,556	15,207	15,207	229,526,160	1,610	1.64	1.34	1.34	3.17	0.06
1906	142,863	20,770	20,770	231,216,330	1,620	1.67	1.56	1.56	3.42	0.06
1907	145,915	19,661	19,661	236,036,010	1,617	1.65	1.61	1.61	3.57	0.06
1908	156,443	32,124	32,124	254,587,760	1,627	1.62	3.28	2.49	2.61	0.06
1909	163,774	33,618	33,618	267,560,620	1,634	1.76	1.20	1.20	3.19	(1) 0.09
1910	166,756	23,163	23,163	273,032,790	1,638	1.78	1.42	1.42	3.38	0.11
1911	169,255	18,520	18,520	275,930,340	1,630	1.76	1.10	1.10	4.02	0.10
1912	171,708	16,550	16,550	283,409,760	1,651 (1)	1.65	0.85	0.85	4.97	0.08
1913	172,120	20,580	20,580	281,102,200	1,633 (2)	1.75	1.46	1.46	5.29	0.09

as Percentage of the Amount Assured

(1) Since 1904 including expenditure for valuation of losses since 1910 expenditure for a part of the staff.

(2) Less reductions for policy holders of some years' standing for the next insurance year.

In 1913 in the amounts assured for 281,000,000 marks there were included: 200 sums assured on horticultural produce of an estimated market value of 323,100 marks, insured for 194,100 marks; 11 amounts assured on garden produce (flowers and other produce cultivated for industrial purposes, provided they are not grown in hothouses), the value of which is estimated at 15,850 marks, assured for 8,500 marks; and, lastly, 9 amounts assured on nursery gardens of a value of 98,360 marks, for 80,300 marks.

Notwithstanding that 1913 was a year of exceptional hailstorms, as may be seen from the preceding table, by the proportion of the losses to the amount assured, yet the claims could be paid in full.

In that year there were 68 days on which hail fell and in 2,161 instances 24,525 members resident in 1,782 communes suffered; 1,456 of the above communes suffering once, 289 twice, 42 three times 2 four times, 1 five times and 1 six times. Specially disastrous days were the second of June, when 368 communes suffered damage to the amount of 754,160 marks, the fifth of June, when 294 communes suffered damage to the amount of 1,109,900 marks and the third of June, when 269 communes suffered to the amount of 840,000 marks.

In a recent study of the Government Assessor, Dr. P. Arnold, on Agricultural Crops in 1913, published in the Review of the Royal Bavarian Statistical Office, we find the following table showing the damage caused by hail in recent years in Bavaria. It completes the statistics we have already given, which refer only to damage suffered on holdings insured with the State Institute.

(4) *Damage due to Hail in Bavaria.*

Years	Communes Damaged		Area Damaged		Damage Occasioned		Number of Landholders Injured	
	Number	Percentage of Total Communes	Hectares Affected	Percentage of Area Cultivated	Total	Damage per Hectare Affected	Number	Percentage of Total Number of Landholders
					In Marks			
1901	1,673	20.9	181,360	3.9	9,195,290	50.7	51,244	7.0
1902	1,281	16.0	183,613	4.0	9,703,105	52.8	38,475	5.7
1903	1,791	22.4	307,502	6.6	20,951,554	68.1	70,439	10.5
1904	800	10.0	63,463	1.5	3,645,285	57.4	22,590	3.4
1905	933	11.6	118,142	3.1	12,680,362	107.4	45,787	6.8
1906	1,144	14.3	153,527	4.1	8,733,468	56.9	41,328	6.2
1907	1,043	13.1	138,349	3.7	8,416,261	60.8	39,462	5.9
1908	1,812	22.7	299,118	8.0	22,243,700	74.4	88,181	13.2
1909	695	8.7	107,259	2.8	6,871,353	64.1	29,403	4.4
1910	1,248	15.6	145,088	3.8	7,766,059	53.5	44,400	6.6
1911	995	12.5	109,915	2.9	6,151,732	56.5	31,252	4.7
1912	1,197	15.0	116,019	3.0	5,979,160	51.5	40,005	6.0
1913	(1) 1,716	21.5	176,380	4.5	9,768,432	55.4	47,128	7.0
								207

(1) According to the statistics of the Insurance Institute, the number of communes damaged in 1913 would be 1,792; the difference is due to the Institute taking account also of the communes where the land holders insured, damaged by hail storms occurring on holdings in neighbouring communes, have their residence.

The proportion of the land holders damaged to the whole number of land-holders in the kingdom is estimated in accordance with the census of farms taken in 1907; considering that the number of these farms does not vary appreciably from year to year, it is considered that the percentage for the 13 years from 1901 to 1913 may be calculated sufficiently accurately on this basis.

From this table also we see that 1913, 1903, 1905 and 1908 were the years of the most serious hail storms; it is sufficient to note the greater average loss per land holder in 1913 as compared with 1912, namely 5 marks.

Table no 2. shows us that the claims paid by the Bavarian Government Institute amounted in 1913 to 4,112,360 marks; if we compare this figure with that of the losses in the whole kingdom, that is to say 9,768,432 marks, we find that only 42.1 % of the total loss due to hail in Bavaria was compensated by the Government Institute. However, this proportion is still considerable, if we remember that the private insurance societies have never ceased to undertake hail insurance in Bavaria in competition with the State Institute. And, in view of the good organization of the Institute itself, there is no doubt that the percentage will continue to increase in the next few years; the facilitations granted in regard to the date of payment of premiums, the reduction of the premiums of policy holders of some years' standing, the fact that the estimation of the losses is entrusted to sworn experts chosen from among experienced farmers in the district and the extension of the insurance to additional produce (the Management is now also studying the insurance of fruit), are so many factors of the vigorous development of the Institute to the greater advantage of Bavarian agriculture.

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO INSURANCE AND THRIFT.

GREAT BRITAIN AND IRELAND.

BOARD OF AGRICULTURE AND FISHERIES. (1) Model Rules for a Rural Co-operative Pig Insurance Society; (2) Model Rules for a Rural Co-operative Cow Insurance Society; (3) The Co-operative Insurance of Cattle. London, His Majesty's Stationery Office, 1913.

The *Model Rules* for Pig Insurance and Cow Insurance Societies are issued with the two-fold object of giving an impetus to the extension of Co-operative Insurance and of bringing Co-operative Insurance Societies as far as possible, into uniformity with one another as regards their constitution and working. These societies may register under the Friendly Societies Act of 1896 and it is undoubtedly desirable that they should do so. At the present time the majority are unregistered, and there is in England a disinclination to make registration compulsory or to impose disabilities on unregistered societies. The latter are already under serious legal disabilities owing to the fact that they are not corporate bodies: an unregistered society, from the point of view of the law, is a non-existent society. It is hoped in England that when this fact is widely known many of the unregistered societies will in time voluntarily register.

The pamphlet entitled *The Co-operative Insurance of Cattle* contains all the information concerning Cattle Insurance Societies which it has been possible to gather. It appears that in 1911 there were about 130 Societies "formed on co-operative principles" and out of the number only 22 were registered.

SWITZERLAND.

RAPPORT AU BUREAU FÉDÉRAL DES ASSURANCES SUR LES ENTREPRISES PRIVÉES EN MATIÈRE D'ASSURANCE EN SUISSE EN 1912 (*Report of the Federal Insurance Bureau on the Private Insurance Businesses in Switzerland in 1912*). Published in accordance with the Decree of the Swiss Federal Council of June 17th., 1914. 27th. Year. Berne, A. Francke, 1914. pp. xcvi + 261. 4 diagrams and several statistical tables.

The number of societies supervised first exceeded 100 in 1911; it was 107 at the end of 1912. The German Societies, 34 in number, are the most numerous. Then come, at no great distance, the Swiss and French

societies, each group consisting of 29 societies; then the British (8), the American (3), the Austro-Hungarian (2) and the Italian (2). The amount of premiums collected in Switzerland in 1912 was 108,270,535 frs., showing an increase of nearly 9,000,000 frs. on the previous year. Every branch of life insurance contributed to this increase; in 1912, the increases in the various branches were as follows: life, 11.5 %; accidents, 6.9 %; fire, 2.3 %; windows, 0.8 %; water, 10.4 %; theft and fidelity, 9.9 %; credit, 12.4 %; livestock, 2.6%; hail 13.8%; and carriage, 8.4 %. The report as usual distinguishes between the premiums collected by mutual societies and by societies limited by shares. For comparison, the total amounts are also given for the first year in which supervision was exercised by the Confederation. The amount of premiums increased from 22,004,697 frs. (in 1886) to that above shown, 108,270,535 frs. (in 1912). The increase is more considerable in the case of the Swiss than of the foreign societies. Similarly, the amount of premiums collected by Swiss societies abroad exceeds that collected by foreign societies in Switzerland. In fact, out of a gross total of premiums of 182,000,000 frs. the Swiss societies collected nearly 110,000,000 frs. abroad, whilst the foreign societies only collected 36,000,000 frs. in Switzerland in round numbers. Yet taking the life branch by itself, we see that the accounts of the Swiss societies engaged in it show a very different situation. Three fourths of the above 36,000,000 frs. collected in Switzerland by the foreign societies, that is about 27,000,000 frs., represent life insurance premiums.

The total amount paid in premiums to the private and cantonal fire insurance societies was 115,437,252 frs. (108,270,535 frs and 7,166,717 frs.) In the middle of 1912, the population of Switzerland was estimated at 3,831,220 inhabitants; the number of families at the same date may be reckoned at 851,000. The amount paid in premiums therefore amounts on an average to more than 135 frs. per family.

Part III: Credit

VARIOUS COUNTRIES.

INVESTMENT OF THE FUNDS OF THE INSURANCE SOCIETIES.

(Continued).

We have seen how the Insurance Societies invest their funds in certain typical countries, such as Switzerland, Germany and Austria, where for the most part the assets of such societies consist of mortgage investments.

The following pages will be devoted to countries in which the National Insurance businesses prefer to invest in other ways, especially in negotiable paper.

The data we have been able to collect in the case of these different countries are not all of equal importance and they are not always grouped in the same way. They cannot, always, therefore, be used for purposes of comparison; however, by their number and variety, they contribute to show how the capital of the insurance societies has been invested in various countries at different dates.

§ 5. INVESTMENTS OF INSURANCE SOCIETIES IN FRANCE.

France was one of the first European countries to make legislative provision in regard to life insurance societies. By law of July 24th., 1867, life insurance societies (mutual or fixed premium), as well as tontine associations had to be authorized by the State and were made subject to State supervision. The law at present in force in regard to the super-

vision of life insurance societies is that of March 17th., 1905. In conformity with it (art. 8), specification has been made in a special regulation, approved on June 9th., 1906, on the proposal of the Ministers of Commerce and Finance, of the real and personal estate in which French insurance businesses, and foreign insurance businesses in so far as regards contracts entered into by them in France and Algeria, may invest their funds.

In terms of article 1 of the above Decree, French businesses must invest their funds, exclusive of the proportion specified in article 2, in certain definite ways, the nature and limits of the investment being defined by the Decree, and the foreign companies must likewise similarly invest a certain portion of their funds. The funds may be invested to an *unlimited amount* in French Government securities or securities guaranteed by the French Government; in bonds issued by departments, communes or Chambers of Commerce of France and Algeria; in land and communal bonds of the French Land Credit Institute, in loans on the above securities up to three fourths of their market value; in loans on mortgage of urban buildings in France up to half the value of the real estate, due account being taken of previous mortgages.

The funds may be invested up to two fifths of their maximum amount in loans to departments, to communes or Chambers of Commerce in France and Algeria; in real estate situated in France and Algeria; in loans on mortgage on this real estate up to half its value; up to a fourth of their maximum amount in securities of every kind, French or foreign, officially quoted on the Paris Exchange and entered on a list approved at the general shareholders' meeting; in loans on these securities up to three fourths of their market value; in real estate situated in French colonies or protectorates; in loans on mortgage on such real estate up to half its value.

Account is taken of the proportions in which in each of the above cases the investments may be made in ownership with or without possession and in usufruct. By art. 2, the French societies are allowed to invest in securities recognised by foreign law, the portion of their funds which correspond with the premium reserves corresponding with the business done by them in each of the foreign countries in which they work.

The above provisions show that the regulations of June 6th., 1906 have established certain principles and certain tendencies manifested in regard to the investment of the funds of the French insurance societies.

The regulations first of all provide that the premiums paid by the French policy holders to the national or French insurance societies must be invested in France, Algeria or the French Protectorates. Only in order not to impede the development of the business of the French Companies abroad, they allow the premiums received for risks undertaken in foreign countries to be invested in accordance with the provisions of foreign laws. Provisions of this character have succeeded in preventing the export of French savings by the way of national insurance societies or foreign insurance societies working in France.

It is only up to one fourth of their funds the French and foreign societies may invest in securities of every kind, provided they are quoted

on the Paris Exchange, and entered in a list approved at the general shareholders' meeting. This is the only deviation from the above general principles, and it is very easy to understand when we consider the financial, economic and political importance of the Paris Exchange.

We see then from the regulations that the intention was to encourage the purchase of State or State guaranteed securities, bonds of the departments, communes and Chambers of Commerce of France and Algeria, as well as the land and communal bonds of the French Land Credit Institute, as also the grant of loans on pledge of these securities, while the insurance societies have the right to invest in these ways to an unlimited degree. It is attempted to obtain with the help of the Insurance Societies what it was desired to realise by means of the French savings banks; that is, to make the national savings flow to the State Banks or the public institutions of less importance mentioned above, so as to cover the increasing public expenditure.

Another characteristic feature of this law in regard to the investment of capital in real estate has to be mentioned as favouring the unlimited investment of capital in mortgage loans on land built on in France, while expressly excluding mortgage loans on rural estate. It is only two fifths of their capital the insurance societies may use for the purchase of real estate or for loans on real estate up to half their value, in France and Algeria, and only one fourth of it they may so invest in the Colonies and protectorates. Thus these regulations confirm the specially marked tendencies of the French societies as compared with those of other countries, to invest the greater part of their capital in urban estate or urban mortgage loans.

The importance of the urban landed estate held by the Insurance Societies, especially in Paris, is, besides, well known.

We have no official statistical returns showing how the capital of the French and foreign life insurance societies working in France is invested.

Nor will it be necessary for us to compile such a table ourselves, as when we examined the statistics given for the eleven societies working in Switzerland and the three working in Germany, we were enabled to see clearly the general lines on which French societies invest their capital.

In table V we showed the variations that have taken place between 1886 and 1911 in the distribution of the capital invested by the French societies working in Switzerland.

We reproduce below a table given by Mr. Zartmann showing how the capital of all the French life insurance societies was invested during the period 1878-1898. Although it does not give figures for more recent years, it is not without interest for our study, as it is compiled from the balance sheets of all the societies and clearly shows the amounts invested under the various heads.

TABLE XIII. — *Investments of the Capital of French Life Insurance Societies (1).*

Nature of Investments	1878	1884	1898
Real Estate	17.2	26.0	25.3
French Government Securities	31.3	18.0	13.4
Securities Guaranteed by the French Government	22.2	39.4	29.8
Foreign Shares and Bonds	0.0	1.6	10.8
Loans on Policies	1.5	2.5	3.3
Mortgage Loans	0.1	2.8	6.4
Cash	0.1	0.9	0.3
Miscellaneous Investments	27.5	8.8	10.6

We see then that during the above period the investments most in favour were French State securities and securities guaranteed by the French Government. Next in importance comes real estate, represented as is well known chiefly by urban buildings. Mortgage loans have never had so little importance as investments. In later years the capital invested in foreign bonds has assumed considerable importance.

§ 6. VARIATIONS IN THE DISTRIBUTION OF THE CAPITAL OF THE BRITISH INSURANCE SOCIETIES.

In Great Britain, the country in which life insurance was first organized, the native societies have generally been left full liberty with regard to the investment of their funds, without legal restrictions. This liberal system increases the importance of the figures showing the distribution of these funds in various ways, as we see in the following table prepared by Mr. Zartmann from data published by Mr. A. G. Mackenzie in the *Journal of the Institute of Actuaries*, vol. 29, page 193 and the *Transactions of the Faculty of Actuaries*, vol. 2. Part. V, page 110.

(1) The figures for 1898 are reproduced from *The Insurance Spectator*, 1879, vol. 22, page 565, and those for the years 1881 and 1898 from "The Transactions of the Actuarial Society of Edinburgh", vol. 4, page 508.

TABLE XIV. — *Investment of the Capital of British Life Insurance Societies.*

Nature of Investments	1872	1880	1885	1890	1893	1902
Mortgages	48.2	46.2	43.8	40.4	37.2	28.4
Loans on Security of Local Taxes and Bonds on Real Estate .	10.5	4.6	4.7	4.6	4.7	4.8
Loans on Policies	5.0	13.9	12.5	11.0	9.9	8.7
British State Securities	7.7	3.4	2.8	2.9	2.2	2.4
Colonial Government Securities	5.0	4.0	6.2	6.6	7.5	6.5
Foreign " "	1.2	2.7	2.3	1.8	2.0	3.5
Railway Bonds etc.	9.8	7.9	7.3	9.7	12.8	17.6
Shares	2.6	4.2	6.1	6.7	7.2	12.1
Landed Estate and Buildings .	4.4	3.4	5.5	6.2	6.8	8.0
Purchase of Annuities	1.6	1.8	1.9	1.8	2.1	2.7
Loans on Personal Security . .	1.7	1.2	0.8	0.6	0.7	0.5
Cash etc.	2.9	6.7	6.1	7.6	6.9	4.8

The variations shown in the above table in the amounts invested in various ways are still more clearly seen from the list of assets of four societies (*Eagle Life, London Life, Rock Life and Metropolitan Life*) for the years 1856 and 1857, set out in a paper read by Mr. Samuel Brown before the *Institute of Actuaries* in 1858 and published by G. E. May in the study given among our sources.

TABLE XV. — *Mortgage Investments of Certain British Societies towards the Middle of the XIXth. century.**Edinburgh Life, June 30th., 1857.*

Investments	Amount	Proportion	Interest
	£	%	%
Government Securities	79,751	6.13	3.36½
Mortgages	931,831	11.69	4.750
Decreasing Mortgages	76,983	5.88	3.96½
Reversions	42,780	3.29	4.000
On Policies	43,963	3.38	5.000
Temporary Investments	97,000	7.46	5.000
Unproductive	28,212	2.17	—
Total Capital . . .	1,300,000	100	4.500

London Life, June 30th., 1857.

3 per Cent Stock	111,269	4.20	3.47½
Exchequer Bonds	175,000	6.60	3.500
Canada Debentures	100,000	3.77	4.000
Government Annuities	20,899	0.79	4.93½
	407,168	15.36	
Bank Stock	96,480	3.64	
Mortgages, and on Policies	2,092,524	78.75	4.47½
House, etc. Unproductive.	54,259	2.05	4.450
Total Capital . . .	2,650,431	100	4.43½

TABLE XV. — *Mortgage Investments of Certain British Societies towards the Middle of the XIXth. Century (Continued).*

Rock Life, December 31st, 1856.

Investments	Amount	Proportion	Interest
	£	%	%
17,682 Annuities	265,230	13.53	4
Canada Debentures	290,000	10.20	4
British Guiana Debentures	65,000	3.32	4
	530,320	27.05	
Mortgages	1,010,566	51.06	4.233
Railway Debentures	280,000	14.29	4.913
Rock Debentures	50,000	2.55	4.000
Claims on Policies	69,449	3.15	5.500
Cash at Bankers', House etc.	29,661	1.51	—
Total Capital	1,459,906	100	2.229

Metropolitan Life, April 4th, 1857.

Annuities for Terms	3,175	0.42	4.441
New 3 per Cents	14,619	1.92	2.989
Turkish Bonds	41,695	5.96	3.725
Exchequer Bills	12,019	1.58	3.686
	71,498	9.38	
Mortgages	352,764	96.24	4.537
City of London Bonds	45,000	5.90	4.584
Railway and other Debentures	188,752	24.74	4.304
Reversionary Interests	11,956	1.57	5.002
On Policies of Society	65,668	8.61	4.838
Cash, and House and Furniture	25,014	3.28	—
Total Capital	762,826	100	

In the latter half of the last century we have to note a continual decrease in the amount invested in mortgages. In 1857, the *Eagle Life* invested 71 % of all its funds in mortgages, giving such a preference to this form of investment as nowadays can only be observed in the case of the German life insurance societies. Later on, in 1872, the British societies, taken all together, only invested 48 % of their funds in mortgages and, in 1912, only 28 %. Mr. Zartmann shows that this is due to the fall in value of land in Great Britain since 1870.

At the same time, in Great Britain, another fact is to be observed, characteristic of those countries in which the capitalistic system is specially developed, that is to say; that wealth in personal estate has increased more than wealth in real estate and the insurance societies have shown a special preference for investments in negotiable paper.

Now, the British Insurance societies lay claim to a method of investment of their capital in personal estate securities in such a way as to obtain a large revenue and a certain stability in the whole of their assets. This method is based on the principle of the geographical distribution of their funds, by virtue of which they hope to eliminate risks to which their investments might be exposed at once, even first class investments when made in one and the same country, by distributing them among various countries not subject to the same economic fluctuations.

The principles of the geographical distribution of investments are as follows :

(1) The funds must be divided in equal portions (reserved for the various countries) so that the depreciation one of them might suffer may be compensated by the increased value of another portion of the same importance ;

(2) The funds must be invested in securities of the same character so that the risk of depreciation of certain securities shall not exceed the probabilities of a rise in value of others ;

(3) Every kind of security must be subjected to a distinct commercial interest, that is to say the risks to which such or such a class of securities is exposed must be balanced by those run by another class. For this purpose, the various States have been classified in so many geographical regions, each affected by different financial currents. These geographical divisions, as well as the groups of securities of which the assets of the insurance societies are to consist according to the nature of the business they transact, are to be established in accordance with experience.

§ 7. THE CHANGED DIRECTION OF INVESTMENTS IN AUSTRALIA, CANADA AND THE UNITED STATES.

A change similar to that which has taken place in the distribution of the funds of the British insurance societies, showing a decrease in mortgage investments, has also been observed in other countries such as

Australia, Canada and the United States. This is due in these various countries in some degree to local causes, but also to the moral influence exerted by the British societies on the financial management of the Australian, Canadian and American societies.

Australia, remote from the influence of any other country, has followed British example and granted the insurance societies great freedom in the choice of their investments.

TABLE XVI. - *Classification of the Investment of the Funds of the Australian Societies (1).*

Nature of Investment	1885	1890	1895	1900	1902
Real Estate	9.5	10.5	11.4	10.6	9.6
Mortgages	56.0	55.9	48.5	47.5	48.0
Australian Municipal Bonds	13.3	7.9	9.7	15.9	19.3
Shares	1.1	0.7	0.7	0.3	0.3
Loans on Pledge	1.4	0.7	0.3	0.2	0.1
Loans on Policies	11.6	16.3	20.2	18.2	17.1
Uninvested	6.9	7.0	9.2	7.3	5.6

We see from this table that the mortgage loans are still important, though they decreased from 56 % of the total amount invested in 1885 to 48 % in 1902. During the same period the investments in State and municipal bonds have increased. Yet, it is to be observed that these securities, like the shares, are not large items in the accounts of the Australian societies.

The amount of mortgage loans has also varied at different dates in the accounts of the Canadian Companies, attaining its maximum (43.3 %) in 1892; since when it has decreased.

(1) Reproduced by Zartmann from the «Transactions of the Faculty of Actuaries» Vol. II. t. IV, pag. 129.

TABLE XVII. — *Investments of Canadian Societies.*

Nature of Investment	1877	1882	1887	1892	1896	1900
Real Estate	4.6	4.9	5.8	7.9	—	—
Mortgage Loans	22.9	26.9	38.8	43.3	37.3	25.3
Bonds and Shares	51.1	44.1	29.6	24.1	26.8	40.9
Loans on Two Name Paper	1.0	3.5	8.8	8.6	7.2	5.9
Loans on Policies,	9.5	8.5	8.0	8.7	10.5	9.7
Uninvested	10.9	12.5	10.9	7.3	—	—

The increase in the amounts invested in bonds and shares is first of all due to the favour acquired for themselves by bonds and other securities issued by public institutions and above all to the amendment of the Canadian law on the investment of the funds of the insurance societies.

In the United States, where life insurance plays an important part in the national economy and where the most important societies of the world have their head quarters, the subject of the investment of the funds of the societies is of special interest.

It was only towards the middle of the last century that the importance of the American insurance societies, which had already existed for some decades, began. The funds of the companies gradually increased from 1,000,000 dollars in 1843 (there were then but a small number of companies) to 124,000,000 dollars in 1867. This extraordinarily rapid increase was not quite healthy. In the period 1860-1870, life insurance suffered from the influence of speculators and from the generally uncertain conditions of the country, causing a decrease of business between 1870 and 1880. Since 1880, the financial importance of the insurance businesses has increased; the capital of the American companies, from 900,000,000 in 1880 and about three billion in 1906, has now increased to a really gigantic amount. There have, however, been some failures among the societies; more failures, says Mr. Zartmann, than successes, although these failures have been insignificant compared with the beneficial effects the companies, the work of which has been crowned with continual successes, have had upon the national economy, on the one hand, encouraging the policy holders to save, and, on the other, allowing of important investments of funds under the form of mortgage loans in the country and in the towns, favouring the extension of railways and banks and granting personal loans. Considering, if only briefly, the variations that have taken place in the manner of investing the funds of the American societies

with especial regard to mortgage investments, we find that the two large societies, the *Connecticut Mutual* and the *Mutual Benefit*, had, towards the middle of last century, about 59 % of their capital invested in loans on real estate and the rest in municipal bonds, bank shares etc. At the end of 1854, the *New England*, the *Manhattan*, the *United States*, the *New York* and the *Mutual Benefit* had two thirds of their net capital invested in mortgage loans. In the period 1850-1859, loans were the form of investment preferred. The large societies had even placed 88 % of the total of their funds in mortgage loans. After 1859, we have far more complete information in regard to the investment of the funds of these societies, owing to the institution of the *New York Insurance Department*.

In the following table we show the various forms of investment of their capital adopted by twenty nine insurance societies for which we have been able to obtain data since 1860.

TABLE XVIII. — *Investment of the Capital of Societies of the United States of America.*

Nature of Investment	1860	1870	1880	1890	1900
Uninvested Capital	6.9	10.8	7.0	6.8	6.9
Loans on Policies or on Promises to Pay	20.5	21.6	5.3	2.8	4.6
Mortgage Loans	59.2	44.4	38.6	41.0	28.8
Real Estate	2.7	3.5	12.4	10.4	9.0
Loans on Two Name Paper . .	1.6	1.2	5.7	4.6	4.3
Public Funds	5.9	16.1	23.4	9.2	8.6
Various Bonds and Shares Railway, Gas, Water, etc.) .	3.2	2.9	6.2	26.2	37.7

Two characteristic facts are revealed by this table; on the one hand, an increased investment in personal estate, especially in bonds and shares (from 9.1 % in 1860 to 46.3 % in 1900) and real estate (from 2.7 % to 10 %), and, on the other, a considerable decrease in mortgage investments (from 59.2 % in 1860 to 28.8 % in 1900) and again in real estate.

As far as investments in mortgages are especially concerned, we may summarise the fluctuations in the above period as follows.

In 1860, the administrators of the societies not having large funds at their disposal, invested in mortgage loans. In 1864, the amount of mortgage loans granted by the New York insurance societies had decreased by 2,000,000 dollars, although during the four years their capital had constantly increased.

This considerable change in the character of their investments was due to the civil war. The public debt of the United States having considerably increased, the issues effected on account of the war caused such a fall in the value of Government securities that the real interest, in paper, was from 8 to 10 %. The insurance societies, which owing to the very nature of their business may and must select long term investments for their money, found it advantageous to buy State securities.

The rate of interest, which had already risen before the civil war, continued rapidly rising during the war.

Afterwards, when it fell and the societies found it less to their profit to invest in Government securities, the amounts they invested in mortgages increased up to 1875. At that date, the amounts so invested again began to decrease both absolutely and in proportion to those otherwise invested. In 1867, the amount of the mortgages held by the insurance societies was larger than in 1876.

The reason for this change of system with regard to investments is due to the fall in value of real estate, especially in New York, in the years 1874, 1875, and 1876. Previous to the panic of 1875, there was considerable speculation in land, especially in New York City.

Once the crisis had begun, a large number of landed properties could not find purchasers even at half their value, that is to say for the amount of the loans granted by the insurance societies. They were thus purchased by the societies. The national societies which had invested abroad could not meet the losses caused by this fall in value, so that they had to limit their investments to New York.

The societies, *Aetna*, *Connecticut Mutual* and *Phoenix* increased the amount of their loans on mortgage in 1875, 1876 and 1877. But as soon as the price of land fell, each of these three societies was obliged to limit its mortgage loans more or less, so that in 1880 the amount so invested by them was less than in 1877.

It must be observed that the *Aetna*, which had chiefly lent in small sums on rural land, was not seriously affected by the crisis; the same can not be said of the *Connecticut Mutual*, which had lent considerable amounts on large urban holdings.

The table given above shows that in 1880, only 38 % of the sums invested by the societies was invested in mortgage loans, while, in 1860, 50 % had been so invested. The experience of this period is often brought forward as evidence that mortgage loans are not a suitable investment for insurance societies. Some societies which had granted loans on real estate imprudently indeed suffered losses, although this was partly due to maladministration.

Since 1880, there has been an increase in the amounts invested in mortgage loans relatively to those otherwise invested; but still such loans only represent a fourth part of the total capital invested. It is difficult to state exactly the various causes which have led to the decrease in the amounts invested in mortgage. One of the causes, however, must be the lower rate of interest. It began to fall about that date as is seen in the following table, which shows, side by side, the rate of interest on the whole invested capital and the rate on mortgage loans, for the period 60-1904.

TABLE XIX. — *Rate of Interest (a) on the Total Capital Invested; (b) on the Mortgage Investments of the United States Insurance Societies, from 1860 to 1904.*

Life Insurance Societies in the United States	1860		1865		1870		1875		1880		1885		1890		1895		1900		1904	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Actna	—	—	6.7	8.0	6.3	10.1	7.7	10.8	6.5	8.0	5.9	6.5	5.1	6.3	5.2	6.4	4.9	4.8	5.1	5.4
Berkshire	4.5	—	5.2	7.8	7.4	11.7	4.7	7.8	5.7	6.8	5.0	5.8	4.9	6.0	5.1	5.9	4.7	4.8	5.3	5.1
Connecticut Mutual	6.9	8.2	4.9	9.8	5.5	8.3	8.1	7.1	6.3	7.5	6.3	6.4	6.4	6.1	5.4	6.0	5.3	5.7	5.5	5.0
Equitable	—	—	6.4	6.1	6.1	7.3	5.8	6.9	8.1	6.2	8.0	4.5	3.5	8.1	4.6	4.3	3.2	4.0	5.3	4.4
Germania	0.7	—	4.0	5.0	5.0	8.0	6.2	6.3	6.2	6.5	6.3	5.6	4.2	5.1	5.0	4.9	5.2	4.7	4.8	4.8
Home	—	—	6.2	4.0	5.5	7.7	6.7	6.7	6.2	—	4.9	—	6.2	11.4	3.5	6.7	5.2	5.5	6.3	4.6
John Hancock	—	—	11.1	—	3.4	8.3	6.7	6.6	6.4	7.6	6.8	5.7	4.6	5.1	5.8	5.1	5.4	5.3	5.2	5.2
Manhattan	—	—	5.3	7.5	6.0	7.5	6.8	6.9	6.9	5.9	5.1	5.1	5.3	5.1	6.2	5.1	5.8	4.8	5.8	4.8
Massachusetts Mut.	2.1	—	3.3	5.08	5.6	6.7	5.3	7.2	7.8	5.9	2.8	7.0	4.6	7.9	4.5	8.0	5.0	5.1	5.4	4.8
Metropolitan	—	—	—	—	2.1	—	5.3	7.2	7.5	6.2	5.1	5.4	5.4	—	5.6	4.2	4.9	5.0	5.1	5.2
Michigan Mutual	—	—	—	—	—	—	7.5	10.3	6.6	7.6	6.0	—	6.0	—	5.2	6.1	5.4	5.8	5.1	5.3
Mutual Life	6.8	—	3.6	6.5	6.0	7.3	6.8	7.1	6.6	6.7	7.2	5.8	5.4	5.2	8.9	5.5	5.1	4.8	6.7	4.7
Mutual Benefit	—	—	5.6	5.6	7.2	6.3	8.4	6.9	6.6	4.4	6.5	4.7	6.3	5.0	6.0	5.4	5.2	5.5	5.1	5.1
National	5.6	9.0	4.7	8.3	6.3	10.0	7.0	7.4	6.1	6.1	5.3	6.9	4.9	7.1	5.1	6.1	4.4	5.4	4.6	5.4
New England	5.6	6.5	3.9	5.3	4.2	—	7.6	7.5	3.0	5.9	6.0	5.2	3.4	5.9	4.8	4.9	4.7	4.7	5.1	4.2
New York	5.0	7.1	3.4	7.7	4.4	7.0	7.2	6.9	8.4	6.3	8.1	5.5	3.4	5.5	4.7	5.0	4.9	4.7	4.2	4.5
North-Western	—	—	8.0	—	8.1	8.5	8.7	9.8	5.7	8.2	5.9	6.4	5.8	5.9	5.7	5.0	4.9	5.0	5.7	4.8
Pacific	—	—	—	—	7.0	—	10.3	—	5.7	5.2	6.6	9.3	6.9	7.8	4.6	7.0	5.4	5.4	5.0	5.2
Penn.	—	—	—	—	6.2	8.6	10.1	7.0	7.3	6.3	6.7	6.7	6.7	6.2	6.2	6.1	5.5	5.3	5.6	5.4
Phoenix	—	—	—	—	5.9	12.2	6.2	7.9	6.9	5.5	5.7	5.0	3.5	6.2	4.9	6.2	4.5	4.7	6.0	5.8
Provident Life-Trust	—	—	4.4	—	4.8	7.0	7.3	5.5	4.9	5.5	5.2	5.2	3.0	5.3	3.0	6.2	5.5	5.1	9.5	6.1
Provident Savings	—	—	—	—	—	—	—	—	25.08	9.1	4.8	5.2	4.3	5.6	4.8	5.4	6.2	5.0	4.8	5.1
Prudential	—	—	—	—	—	—	—	—	2.2	5.0	4.8	7.8	4.3	5.6	4.9	5.0	5.4	4.6	5.2	4.5
State	6.3	—	7.7	—	6.2	—	—	—	7.9	—	6.4	—	4.9	5.5	4.9	6.1	6.0	5.5	5.4	5.7
Travelers'	—	—	—	—	—	—	3.7	9.0	5.2	7.4	4.2	8.1	4.0	7.4	7.0	7.2	6.2	7.0	6.5	6.6
Union Central	—	—	7.7	—	4.5	—	6.1	5.6	7.6	8.7	5.7	7.4	5.7	7.4	5.1	6.0	5.0	6.2	4.0	5.3
Union Mutual	—	—	3.7	8.5	6.2	8.6	8.0	6.1	4.0	5.0	8.3	5.6	4.9	5.1	4.0	6.0	8.1	6.2	6.8	5.1
United States	—	—	6.2	—	6.2	—	—	—	6.3	—	6.5	4.6	5.5	4.9	4.1	4.0	8.1	5.7	6.8	5.3
Washington	6.7	—	5.2	8.0	7.1	—	5.7	6.7	6.3	6.4	5.5	6.5	4.8	5.2	4.1	4.9	3.7	5.1	6.7	6.0

The figures given above are naturally not of a kind to show the causes of the decrease in the mortgage investments after 1890 ; in fact we should study more closely the interest per cent on each of the various forms of investment in one and the same period. By comparing the figures and studying the circumstances which rendered such or such an investment more profitable we should be able to appreciate at its just value the decision of the American insurance societies to change their policy in regard to mortgage investments. We must, for want of space, here refrain from entering into these details. We shall limit ourselves to a few remarks the above table authorizes us to make.

Thus it should be observed that the rate of interest on the total investments in the earlier decades of the period under consideration was less uniform and stable and the interest on mortgage loans exceeded it more appreciably than in later years.

Thus we understand why, at first, the insurance societies preferred mortgage investments on urban and rural real estate.

On the other hand, in the later decades the difference between the rate of interest on mortgage loans and that on the total investments was less marked and we find the insurance societies after 1890 adopting a new policy in regard to their investments. They have limited more and more the amount invested in mortgage loans, and, in the last few years, on account of economic conditions, only a small number of insurance societies have been able to obtain a rate of interest on mortgage investments exceeding that on the total investments.

In order to show the importance of the investments of the funds collected by the large national savings organizations, such as the life insurance societies, we have reproduced above a series of statistical facts, supplied by Mr. Zartmann, in reference to the effect of mortgage investments. We shall abstain from speaking of the profits realised by the State and the National economy generally, through the investment of capital in public loans, railway shares, landed estate, shares and bonds favouring the development of industry etc.

Yet it must be noted that in order to obtain a thoroughly clear idea of the advantages derived by agriculture from the funds of the United States insurance societies, we must also take account, for example, of the investments which have favoured the extension of the railway system. In fact, the railways have helped to give value to immense agricultural tracts, which, for want of means of communication, would otherwise have remained more or less undeveloped.

With regard to certain regions, the influence exerted by the capital of the insurance societies on the conditions of the local agricultural economy is clearly visible.

Thus, previous to the authorization given to the insurance societies of the East to invest largely in the West, the rate of interest in the Western regions was 5 % higher than in the East. The abundant capital invested by the insurance societies in the West has considerably favoured the economic development of those regions.

It is not possible to over-estimate the advantages offered in Illinois by the Hartford *Aetna* by means of its systematic grant of loans to farmers, when the latter were hardly able to obtain even very limited loans for their requirements.

The *Connecticut Mutual* in its turn granted a large number of loans to farmers, but most of them on urban estate. Mr. Green remarked in 1877 that in the course of 50 years the *Connecticut Mutual* had granted 6,000 loans for a total amount of 140,000,000 dollars, the average amount of each loan being about 2,000 dollars.

It seems indeed doubtful that the rate of interest on rural mortgages in the large agricultural States could have fallen to 5 % and less, as is present without the insurance societies exerting an influence on the market by means of the investment of their funds.

The *Northwestern* society invested 30,000,000 dollars in mortgages on real estate in Illinois alone and it is certain that these loans have contributed very appreciably to the prosperity of agriculture in that State. What the *Northwestern* has done in Illinois, the *Union Central* has done and is doing in Ohio and Indiana, only apparently on a smaller scale.

The capital of the *Mutual Benefit* is invested in loans granted in the West on mortgages, or on policies.

The life insurance societies invest largely in mortgage loans on the fertile land of Oklahoma in order to encourage the development of that State. The experience of Missouri in the last quarter of a century shows the importance of these loans for the Western States. In Missouri, a law had been passed imposing serious restrictions on societies of other States lending in its territory. As a consequence, these insurance societies ceased to invest their capital there. Before the promulgation of the law, it was possible to contract loans at 6 % on rural mortgages. But after it was promulgated the rate of interest rose to nearly twice that.

This example suffices by itself to show the important influence of the capital belonging to the life insurance societies has had in developing this vast area of the Central States of North America.

RUSSIA.

THE NOBLES' GOVERNMENT LAND BANK.

ГОСУДАРСТВЕННЫЙ ДВОРЯНСКИЙ ЗЕМЕЛЬНЫЙ БАНКЪ.

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In this article the dates are given in accordance with the Russian calendar, the amounts given in roubles (1 rouble = 100 kopeks = 2.66 frs.), the areas in decimalines (1 decimaline = 1.125 acres).

INTRODUCTION.

Before commencing a study of the *Nobles' Government Land Bank* we must clearly understand the quite special meaning of the idea of nobility in Russia.

The Russian words *dvorianstvo* (nobility) and *dvorianine* (noble) derived from *dvor* (дворъ), which means both *landed property* and *court* (of a prince) (1). Originally the first meaning prevailed: the *dvorian* was simply the *client* (in the ancient Roman sense) of any land proprietor. When the more powerful land holders became chieftains or lords, then the second meaning came into use: the *dvorianine* became "the person in the service of a lord". And the day in which the lord became prince, the *dvorianine* became a *courtier* or person of the court. Later, by an extension of the sense logical in a patriarchal country like Russia, the name was given to all who were in the service of the sovereign, or, what is the same thing, of the State.

In an immense and powerful State such as Russia is today, the various branches of the service, civil, military, naval etc., became of necessity open to all. The *dvorianstvo* consequently became a class *open to all*, continually increased by new additions from below, and so in no way exclusive and without any narrow spirit of caste.

This very special character of the *dvorianstvo* was not only respected but even accentuated by the minute regulations introduced by Peter the Great, who divided the class into a certain number of *tchine's* (orders, grades) corresponding with the duties performed by the *dvorianine* (2). Whoever attained to the first grade of military officer, or a civil appointment of equivalent rank, became *ipso facto dvorianine*, (noble), and this rank, being noted, passed of full right to all his descendants.

Granted so freely, inevitably the rank of *dvorianine* lost its value

(1) There is a remarkable analogy between the meaning of the Russian *dvor* and the corresponding German word *Hof*.

(2) There is a complete list of the different grades of "tchine" in the *Russian Year Book*, 1914 p. 22.

As a remedy, Alexander I, Nicholas I and Alexander II raised the standard for admission to the ranks of *hereditary* nobility by several degrees. It is now only acquired by promotion to the rank of colonel or Councillor of State. Lower grades now only confer a life and not a hereditary nobility. We shall see hereafter the importance of this distinction for the matter we have in hand (1).

However important, the above restrictions still leave the way to hereditary nobility open to thousands of new individuals every year, and the immense numbers of these so to say automatic recruits are further swelled, as nobility can be acquired by special favour of the Emperor, or by right of certain decorations received.

The first result of this system naturally is the existence of too large a number of nobles, and, consequently, in most cases, they have no special wealth or education, or claim to consideration. In fact, there is no clear and definitely marked difference between the *dvorianstvo* and the educated classes generally. So that Leroy Beaulieu is perfectly right when, in his standard work, "*L'Empire des Tsars et les Russes*", he says "Nobles are all those who are not peasants, merchants or priests; every body one meets in society, all people of any education in the towns and in the country. In this way, we might almost say: in Russia, every body is noble" (2).

Only with the help of the above considerations will it be possible to form an exact idea of the institution we are now going to study. The *Nobles' Land Bank* is in no way, as its name would seem to imply, a class institution, a bank for the benefit of a small minority of persons already privileged by birth, wealth or social position. Not at all. The *Nobles' Bank* is in fact an institution for the benefit of the best, the most experienced and most highly educated of the Russians. As a Bank at once of the higher and middle classes, its object is to facilitate the struggle for existence for the educated classes generally, and keep at least a portion of the immense land areas of Russia in the hands of those who to day are best able to appreciate and apply modern methods of rural economy.

§ 1. ORIGIN AND DEVELOPMENT OF THE NOBLES' LAND BANK.

The first Government (3) rural land credit institutions of Russia were the two *Nobles' Banks* (Дворянские банки) founded one at St. Petersburg,

(1) See below pages - 86 and 93

(2) Anatole Leroy. Beaulieu op. cit. vol. I.

(3) The translation of the designation of the subdivisions of the Russian Empire by the word "*Government*" leads to confusion: sometimes one does not know if by *Government* is meant the whole Empire, the State, or only one or other subdivision of the Monarchy. To prevent any possibility of confusion, we shall use the words *province* and *provincial* when speaking of the subdivisions (governments) of the Empire and the word *Government* only when referring to the central institutions of the State.

the other at Moscow, by the Empress Elizabeth Petrowna in 1754. The value of the land was at that time not estimated according to its area, but according to the number of *souls* (adult male serfs) on it, as shown in the last periodical census, and the two banks made loans to the proprietors at a maximum rate of 10 roubles per "soul".

The business was very unsuccessful, owing to the unpunctuality of the debtors in repaying, and, as early as 1786, the Government was obliged to unite the two Banks in a single institution under the name of the *Government Loan Bank* (2), (*Почтапервенный Государственный Банк*) assigning to it a capital of 33,000,000 roubles.

This Bank granted the noble landlords loans of a minimum of 100 roubles, on mortgage at the rate of 40 roubles per "soul", at interest with 3 % sinking fund per ann. In this way, the mortgage was paid off in 20 years (3).

In 1824, the interest was raised to 6 %, but the sinking fund instalment was reduced to 2 % and the term for repayment was therefore prolonged to 24 years. After 1814, the depreciation of paper money caused the value of a "soul" for purposes of the mortgage to rise to 60 roubles (paper). Later on, it was raised to 150 and even 200 paper roubles, corresponding with 37 and 50 silver roubles. At the same time, a first attempt was made to establish a certain relation between the area mortgaged and the number of "souls".

Together with this Bank specially founded for the purpose, other Government Credit institutions were authorized to come to the assistance of the nobles with loans on mortgage. We may mention particularly the *Public Assistance Boards* (*Приказы общественного призрения*), founded in 1775 and the *Deposit Banks* (*Сберегательные Кассы*), founded in 1772 and authorized in 1829 to include the grant of mortgage loans among their business operations. The loans granted by these secondary institutions were, however, of less importance than those granted by the *Government Loan Bank* and their conditions were much more burdensome.

This difference came to an end in 1839, when a general uniformity was established in the mortgage system of all the State institutions for this class of business. The loans were after this granted in two forms: the first for a period of 26 years on which 5 % interest and 2 % sinking fund was paid, as well as a commission of 1 % once for all, and those for a period of 37 years, paying 5 % interest, 1 % sinking fund and 1 ½ % commission.

This system, very favourable for the times, remained in force for 19 years, that is up to 1859. Then the Government, which was preparing

(1) Ukase of May 13th, 1754. R. I. E. (*Recueil des Loix de l'Empire*) (Collection of Imperial Laws). vol. 1. No. 16,235.

(2) Ukase of June 28th., 1786. R. I. E. vol. 1. Nos. 16,407, 16,408, and 16,409.

(3) The Bank also lent on mortgage of urban real estate, stone houses and buildings. The conditions were in such case 4 % interest, 3 % sinking fund, the loan to be extinguished in 20 years.

the great reform of the emancipation of the serfs, thought it could entirely raise to interest itself in the question of land credit for the nobles. On the one hand, it was thought that the amount levied on the serfs to be liberated for the redemption of the land assigned to them (*udiel*) would amply suffice to re-establish the financial position of the noble land holders, which had generally been considerably shaken. On the other hand, it was thought that the foundation of private land credit institutions, authorized by the bank reform of 1859, would suffice to meet the future needs of the nobles in case they should have to borrow on mortgage.

For these reasons, a decree of April 16th., 1859 ordered the suppression of the *Government Loan Bank*, (1) and at the same time the cessation of the mortgage business of the *Public Assistance Boards* and the *Deposit Banks*. The liquidation of the business of all these institutions was entrusted to the *Imperial Bank of Russia* (Государственный Банк), founded in 1860 (2).

In other words, every sort of *Government* land credit was abolished.

At the time this serious decision was come to, the total amount of the mortgage indebtedness reached the considerable sum of 425,500,000 roubles on 47,000 landed estates inhabited by about 7,500,000 adult male serfs.

* * *

It was not long before it was seen that the official expectations in regard to the effects the emancipation of the serfs would have on the general economic situation of the nobles were highly optimistic.

In fact, on the one hand, the emancipation caused a revolution, as unexpected as radical, in the whole rural economy of the Empire, with the substitution of business in money for the system of barter up to then almost exclusively in use; and this change, in its turn, occasioned a general and present demand for cash. On the other hand, the amount the nobles were actually able to obtain for the land transferred to the serfs was, for reasons it would take too much time to enumerate here, far inferior to even the lowest estimate (3).

Owing to these and other circumstances, the final result of the great reform of 1861 was a considerable and general impoverishment of the Russian nobility, the sole representatives of civilization and intellectual culture in the Empire, instead of the general improvement of the economic situation of the class.

1. Ukase of April 16th., 1859. R. L. E. Vol. II. N° 34,379.

2. Ukase of May 31st., 1860. R. L. E. vol. II. N° 35,847.

3. Between 1862 and 1871 the *nominal* amount received by the nobles for the land transferred to the peasants was 325,000,000 roubles. On account of the loss in realising the securities in connection with the redemption of the land, the amount in the end realised was hardly 190,000,000 roubles.

As the nobles had no longer the assistance of the State in mortgage, they were obliged to have recourse to private credit, at the time very little developed. This, naturally, could not suffice for all requirements, and then an attempt was therefore made to found substitutes for the institutions suppressed, either through the local organizations of the nobles, or on the mutual principle. In 1865, the Zemstvo of Kherson founded the *Kherson Land Bank* (Херсонский Земельный Банк), which soon extended its business to the three adjoining provinces. The next year, the *Mutual Land Credit Society* (Общество Взаимнаго Поземельнаго Кредита), was founded. Finally by Imperial Decree of May 7th., 1871, the Zemstvos of the whole Empire were authorized to grant loans on mortgage. But, unfortunately, the general want of funds both on the part of the Zemstvos, and of the landowners themselves, prevented these new institutions from developing their business so as adequately to answer the requirements.

Meanwhile, the considerable profits realised by the three banks limited by shares, founded a short time before at Moscow, Kharkov and Kiev, excited a general fever of speculation in Russia, about 1871, that may be compared in every way with the excitement characterising the stock exchange crisis of Western Europe. Banks limited by shares arose in great numbers that in the following year it became necessary to limit any further increase by means of an Imperial Decree prohibiting the foundation of such institutes where two already existed (1).

A certain number of these banks limited by shares, from the start, concentrated their attention on land credit operations and as, in contrast to what was the case in the above institutions, they had no lack of capital, the amount of their operations of this character increased rapidly.

This sudden and general extension of private land credit business was no benefit to the nobles. Delighted at last to find some means of borrowing, the noble landholders hastened to mortgage their land to a degree far beyond what was strictly necessary and without concerning themselves with the specially burdensome conditions imposed by the Banks, amounting generally to a charge of from 10 to 12 %.

The result of all this naturally was a further considerable increase in the indebtedness of the class. In little more than ten years, between 1872 and 1883, 300,000,000 roubles were added in new mortgages to the burden of debt already weighing so heavily on the noble landlords of the Empire.

As the situation became more serious from year to year, the nobles of the province of Orel at last, in 1883, presented a petition to the Czar Alexander III, begging him to re-establish Government land credit, so as to allow the landlords to transfer their mortgages to institutes granting more favourable terms than the banks limited by shares. The example was immediately followed and many other provincial assemblies of the nobles made the same request as the Orel assembly. Influenced by these repeated petitions and greatly impressed by the really unenviable situation of the

(1) Ukase of May 31st., 1872. R. I. B. vol II, n.º 50,913.

landlords, the Government decided to re-establish the system in force before the bank reform of 1859-1860.

A proposal was made for the constitution of a general land bank, at as early a date as possible, to meet the requirements not merely of the nobles, but of every class of the population, which could be done, for example, by extending the sphere of action of the *Peasants' Land Bank* (Крестьянский Государственный Банкъ), founded in 1882 (1) for the express purpose of facilitating the acquisition of land by the emancipated serfs. Considerations, principally of a financial order, however, led to the abandonment of this scheme (2), and the former *Government Loan Bank* was re-established under a more modern form, on a wider basis.

On April 21st., 1885, an Imperial Rescript ordered the constitution of a *Government Land Bank for the Nobles* (Государственный Дворянский Земельный Банкъ), for the special purpose, said the Rescript, "of stimulating the attachment of the noble landlords to their land, so that they may devote themselves principally to the work they have to perform in the country districts" (3). On the first of January following (1886), the new institution was already in full working order (4). Its initial capital had been formed by the issue of a series of land bonds under Government supervision and on Government security.

In conformity with its original rules (of the year 1885), the new bank granted loans up to the amount of 60 % of the estimated value of the land mortgaged. By way of exception, and only in cases of the transfer to the *Nobles' Bank* of mortgages previously paying a higher interest, could loans be granted up to the amount of 75 % of the value of the land.

The rate of interest was 5 %. The Bank further deducted $\frac{1}{4}$ % for working expenses and for the constitution of a reserve fund. Finally, 1 % sinking fund was charged on loans for a term of 36 years and 7 months, and $\frac{1}{2}$ % for those for a period of 48 years and 8 months. Altogether then the charges were $5\frac{3}{4}$ % or $6\frac{1}{4}$ %, according to the term of the loan, to be paid half yearly and in advance. A year's delay in payment of these charges would justify the sale of the land by public auction.

(1) Ukase of May 16th., 1882, R. L. E. vol. III, N.º 894.

(2) However, very intimate relations have been established between the Nobles' Bank and the Peasants' Bank. We shall here limit ourselves to indicating as a proof of these relations, that at present, out of 27 provincial branches of the Nobles' Bank, 25 are under the same management as the corresponding branches of the Peasants' Bank and, for the most part, the work is done by the employees of the latter bank, who are thus functionaries of both institutions at once.

(3) "Земельный дворяне тѣмъ болѣе привлечены къ постоянному пребыванію въ своихъ помѣстьяхъ, гдѣ предетонить имъ преимущественно прилагать свои силы къ дѣятельности, требуемой отъ нихъ должномъ ихъ званія." Rescript of April 21st., 1885 to the Nobility.

(4) The Decree for its foundation is dated June 7th., 1885 (R. L. E., vol. III, N.º 3,016). To some day the first manager of the Bank was appointed and between that date and the end of the year the central bank at St. Petersburg and thirteen provincial branches were opened.

The amount of the loans granted was paid in land bonds of the Bank, payable at the Imperial Bank of Russia at 98 %.

These terms were evidently more favourable than those of the private banks limited by shares; so the noble landlords hastened to transfer their existing mortgages to the new institution. The banks limited by shares attempted to arrest this movement by lowering their total charges to 8 %, but, as they were still appreciably higher than those of the *Nobles' Bank*, the step was quite inefficacious, and from the first years of its existence the redemption of mortgages was the most important business transacted by the new bank. And its business progressed very favourably, thanks above all to the interest constantly shown by the Government in it and the effectual support it never failed to afford it.

However easy the conditions offered by the Bank, they are still a very appreciable burden on the noble landlords, who have incurred debts beyond what was prudent. Notwithstanding the excellent harvests of 1886, 1887 and 1888, the arrears of debt accumulated in an alarming manner, and on the other hand, the Bank was unable to meet the constantly increasing demand for new loans.

By way of remedy, the Government, in October, 1889, authorized the issue of premium bearing bonds, to the amount of 80,000,000 roubles; this issue, thanks to the exceptionally favourable conditions under which it was made, provided the Bank with 90,000,000 roubles, which were immediately set aside for loans. At the same time, new facilities were granted to the customers of the Bank. The rate of interest on loans was lowered from 5 % to 4 $\frac{1}{2}$ %, their term extended to 51 years 9 months in the case of loans paying $\frac{1}{2}$ % sinking fund and to 38 years 4 months in the case of those paying 1 %. Finally, the amount of the loans was paid from that date to the borrowers no longer in bonds payable at 98 %, but in cash.

It is to be noted that the effect of all these provisions was retrospective. Those who had contracted loans before their promulgation benefited by them in the same degree as the new borrowers. In fact, the 2 % gained through this new method of payment in cash, and also the $\frac{1}{2}$ % difference in the rate of interest from the date on which the loan was contracted up to that on which the reform came into operation, were placed to their credit or against the arrears of debt due from them. So considerable a reduction of the charges for which those in arrear were liable completed the series of easements accorded.

Thanks to all these provisions, the arrears of debt, amounting at the time to the immense total of 11,000,000 roubles, were almost completely wiped out.

Only a few months after these innovations, on June 12th., 1890, the *Nobles' Land Bank* was given new rules introducing other and important changes in the business of the institution, for the further benefit of the debtors.

As regards the period and sinking fund, the loans were divided into nine classes varying from the term of 11 years with 7 $\frac{1}{4}$ % sinking fund to 66 $\frac{1}{2}$ years with the minimum rate of $\frac{1}{4}$ % sinking fund. At the same

time the renewal of mortgages was permitted, and a system of supplementary loans introduced. Finally, the *Mutual Land Credit Society* mentioned above (1) was united with the *Nobles' Bank* and a Special Division was formed in the latter for the winding up of the suppressed society in accordance with the more liberal principles of the Bank (2).

On May 1st., 1897, a partial revision of the rules allowed the customers of the Bank to benefit by a new group of advantages, especially affecting debtors in arrears. The rate of interest was further reduced for the latter to 3 ½ % and this provision was made retrospective for all loans contracted before the above date, and the total amount of arrears up to that date was converted into a supplementary debt, with a favourable rate for the instalment of payment, to be added to the principal debt.

Together with this long series of progressive and permanent favours, the Government has on several occasions caused the Bank to grant a no less important group of temporary or occasional concessions. In every case of serious famine or any other disaster affecting the class of the noble landholders, the Bank has been authorized to some further liberal action: to decrease or even totally suppress the fines for arrears of payment, to extend the maximum term fixed allowed before sale of mortgaged land on account of the charges not being paid, to extend the term for the payment of such charges etc. Facilitations of similar character were granted also in the bad seasons of 1890, 1891 and 1892; and again in larger measure in consequence of the bad harvests of 1905 and 1906. Finally, by a decree of October 27th., 1907, quite special facilities were granted to those noble landholders whose estates had been pillaged or damaged in the revolts and disturbances of the two preceding years. There is no doubt that in this way the Bank lost a very considerable amount; but hundreds of landholders were thus saved from bankruptcy and certain ruin.

This generosity of the Bank towards its customers, repeated per force at brief intervals during the period of external and internal crisis through which Russia passed in the early years of this century, was bound to have, sooner or later, an unfavourable effect on the development of the institution, for all its solidity. And, in fact, owing to the bad years we have alluded to, the Government found itself obliged to order the Bank, on March 26th., 1904, to reduce its loan business as far as possible. Two years later, on March 21st., 1906, on account of the general depreciation of paper due to the events of 1905, the *Nobles' Bank* was compelled to return to the principles on which it started and again to make loans no longer in cash but in land bonds at 4 ½ % or 5 %, at the choice of the borrower.

(1) See page 82.

(2) It was not the first time the *Nobles' Land Bank* was entrusted with a liquidation of this character. In 1884, the Government found itself obliged to assume the management of the business of the private land bank of Saratov - Simbirsk, ruined by deplorable mismanagement (R. L. E. vol. III, № 2,355). This liquidation was entrusted to the *Nobles' Bank* immediately after its creation and is still being conducted under very satisfactory conditions, together with that of the *Mutual Land Credit Society*, by the Special Division of the Bank.

Under these circumstances, two separate classes of loans were instituted: one for those paid in $4\frac{1}{2}\%$ bonds for a period of from 11 years to 66 $\frac{1}{2}$ years; the other for those paid in 5% land bonds for a period of from 7 years 8 months to 61 years 8 months. The sinking fund, in both cases varied from $\frac{1}{4}\%$ to $7\frac{1}{4}\%$ (1).

Although the economic conditions and the general situation of the country have appreciably improved since then, the Bank has continued to pay the amounts it lends in this way. The only change has been that introduced by a Ukase of December 19th., 1911, establishing that thenceforth all loans should be made in $4\frac{1}{2}\%$ land bonds.

Let us terminate this brief survey of the development of the Nobles' Land Bank by mentioning the services it has rendered the cause of the Russification of the Western and South Western provinces largely inhabited by Poles. A special law of June 6th., 1894 authorized the Bank to grant the Russian landed nobility loans on very specially favourable conditions, to enable them to purchase land in the eight provinces of Vilna, Kovno, Grodno, Minsk, Vitebsk, Moghilev, and Kiev, as also in those of Volhynia and Podolia. Special regulations were made for the purposes of such operations.

The result of these arrangements has not, however, been as great as the Government hoped (2). Either through want of initiative, or indisposition to settle in districts not occupied by Russian landlords, the nobility have not taken advantage of the facilities offered by the Bank in this direction.

§ 2. ORGANIZATION AND WORK OF THE BANK.

1. — *General Management and Branches.*

The Nobles' Government Land Bank proposes to contribute to the preservation of the landed property of the hereditary nobility (3) by granting loans, on the security of rural estate for periods varying from 11 to 67 years.

The sphere of action of the Bank includes all European Russia except Finland, the provinces of the General Governorship of Warsaw (Russian Poland), those of the Baltic and Transcaucasia.

The Bank is directly under the Minister of Finance.

(1) see page 92 on which the particulars of these charges are given.

(2) see page 95.

(3) see pages 79 and 93.

At the head of the Bank there is :

I. A "Director", appointed by Imperial Ukase, and his "Assistant", appointed on the recommendation of the Minister of Finance.

II. A "Bank Council", consisting of the Director and his Assistant, a maximum number of seven members, appointed by the Minister of Finance on the proposal of the Director, a maximum number of three members appointed annually from among the officers of the branches of the Bank, elected by the members of the nobility, and finally a representative of the Imperial Audit Office (1).

The Director or his Assistant presides over the meetings of the Council of the Bank by right of office. The votes are passed by a simple majority and the Director has the casting vote. Besides this, when he is not in accord with the majority, he has the right to refer the matter to the Minister of Finance for his decision.

Powers of the Council of the Bank.

Two classes of operations come within the competence of the Council of the Bank :

I. Those in which the decision of the Council is subject to the approval of the Minister of Finance. To this class belongs all the business relating to the following matters :

1. Amendment of the rules and regulations of the Bank.
2. Balance sheets, financial statements and reports.
3. Institution, organization and work of the branches.
4. Issues.

II. Those in which the decision of the Council is final. Under this head come all matters relating to the extraction of bonds not bearing premiums, loans granted by the bank, the administration or sale of mortgaged estates, the supervision of the branches, current business etc.

Powers of the Director of the Bank.

Concentrating in his hands the executive and administrative authority, the special duty of the Director is to supervise the regular working of the Bank and its branches as well as the work of the staff. He also supervises the inspections and the auditing of accounts, the distribution of the work, the preparation of the annual returns, the administration of the funds within the limits permitted by the regulations, as well as the working expenses.

(1) The Imperial Audit Office acts at the same time as Court of Accounts and Department of Public Accounts.

In case of absence or sickness, the Director is substituted by his Assistant, and, in default of the latter, by another member of the council, nominated by the Minister of Finance.

The Branches of the Bank.

There are now twenty seven branches of the Bank, twelve of the first and fifteen of the second class (1). Twenty five of them are united with the corresponding branches of the *Peasants' Land Bank*.

Each of the branch banks is managed by a Council, consisting of a Director, one or more expert councillors, all appointed by the Minister of Finance on the recommendation of the General Director of the Bank, and members for each province within the sphere of the branch bank, elected for the term of three years at the meetings of the nobles of the province. These members have, however, only the right to vote in the council on questions directly concerning the provinces they represent.

It is the Minister of Finance who lays down the geographical limits of the area within which each branch bank is to work and fixes the number of expert councillors for each branch bank.

Duties of the Branch Banks.

The branches receive and register the applications for loans. They make all the necessary technical investigations and submit their conclusions in regard to the operations proposed to the Council. When the Council has approved them, the branches arrange the loans and see that the contracts concluded with the borrowers are strictly conformed to. They also administer the landed property of the Bank and conduct all the current business entrusted to them by the Council.

The duties of the Directors of the branches correspond, as far as concerns the administration of the branch, with those of the General Director in regard to the central administration.

The technical councillors of the branches have to value the land offered as security to the Bank, on the spot and in accordance with the principles laid down in special regulations issued for the purpose, and also systematically to collect data that may be of use in the mortgage business conducted in their districts.

(1) The Branches of the first class are those of: Kharkov, Yekaterinoslav, Kazan, Kiev, Moscow, Odessa, Poltava, Pskov, Samara, St. Petersburg, Saratov and Voronezh.

Those of the second are: Bessarabia, Don, Kaluga, Kursk, Moghilev, Orel, Penza, Ryazan, Simbirsk, Smolensk, Tambov, Tula, Chernigov and Transcaucasia.

(1) see page 83, note 2. The two branches not united with corresponding branches of the Peasants' Land Bank are those of Kiev and Transcaucasia.

If for any reason an examination made by one of the technical members of the branches is judged insufficient, the director of the branch may always either himself make a new examination or entrust an expert chosen by him to do so.

II. — *Funds of the Bank.*

The funds at the disposal of the *Nobles' Bank* are the following :

I. A capital formed by the issue in 1889 of a series of 800,000 premium bearing bonds of a nominal value of 100 roubles, at the rate of 5 % interest a year, redeemable by means of half yearly drawings (600,000 roubles per drawing) between May 1st., 1896 and May 1st., 1926.

II. Amounts derived from sale of land bonds of the Bank not bearing premiums, either already issued or to be issued later as occasion demands.

III. A reserve fund, to which all the profits of the Bank are placed. The amount of the issue of land bonds (inscribed, or, at special request, to bearer), as also the conditions for their issue, are fixed in each several case, by Imperial Decree on the recommendation of the Minister of Finance.

The premium bearing bonds, as also the bonds not bearing premiums, issued by the *Nobles' Government Land Bank*, are secured on all the land mortgaged to the Bank, and guaranteed by the Government.

The total amount of the annual interest and sinking fund paid by the Bank on both classes of bonds must in no case exceed that of the amounts actually received in interest and sinking fund on loans granted by the Bank.

The capital derived from the issue of the premium bearing bonds of the year 1889 is intended to serve :

1st., to compensate the Bank for loss of interest in consequence of the Imperial Decree of October 12th., 1889 relating to the facilitations to be granted to the land owners who had mortgaged their land before the 1st of November of that year (1) ;

2nd., temporarily to increase the working capital by the amount of arrears due converted into supplementary debt in conformity with the Imperial Decree mentioned in the preceding section (2) ;

3rd., to redeem, at a rate not exceeding their nominal value and in amounts fixed each time by the Minister of Finance, the land bonds not bearing premiums issued by the Bank previous to the first of November, 1889 ;

4th., for the current mortgage business of the Bank.

The amounts making up the second group of funds mentioned above, those derived from the sale of land bonds of the Bank, must be employed exclusively for the mortgage operations of the Bank.

The reserve fund serves in the first place to cover the losses, whether incurred in mortgage business or otherwise. Any eventual balance must

1. See page 84.

2. See page 84.

be used exclusively for the maintenance and development of land ^{credit} for the nobles. When this fund amounts to 2 % of the total sum granted in loans by the bank, the surplus may be employed for mortgage ^{loans} without further issue of land bonds.

The working expenses of the Bank are met by :

- 1st. A fixed commission paid once for all by each borrower,
- 2nd. The half yearly contributions of the borrowers for the purpose
- 3rd. The fines for arrears of payment,
- 4th. The annual interest on the working capital and reserve fund
- 5th. Occasional amounts received.

The general annual reports are made out by the General Director. After being examined by the Council of the Bank and approved by the Minister of Finance, they are forwarded to the Imperial Audit Office and, finally, forwarded together with its conclusions, through the Department of Finance to the Second Department of the Imperial Council.

The ordinary balance sheets are made out by the Director, examined by the Council, and then, after examination by the Council of the Empire together with its opinion, submitted to the Minister of Finance for approval. The same course must be followed in the case of every extraordinary apportionment. In urgent cases, however, previous notice to the Council of the Empire may be dispensed with, on condition of its being immediately advised of the step taken.

The Imperial Council has of full right the general supervision of the work of the Bank and its funds and may give order for inspections and examinations at any moment it shall judge necessary.

III. — *Loans and Mortgages.*

The *Nobles' Government Land Bank* grants loans on the security of unencumbered landed property or mortgaged land. In the latter case, the Bank requires that the earlier mortgages be extinguished by the new loan or that the earlier creditors allow the Bank's mortgage to take precedence of theirs.

The Bank only grants loans on mortgage of real estate of a value of at least 500 roubles.

As a rule, the amount of the loans granted by the Bank must not exceed 60 % of the value of the land mortgaged.

By way of exception, when mortgages have to be extinguished, that date from before the time when the *Nobles' Bank* began working in the province in which the land is situated, the maximum amount of the loans may be raised to 75 % of the value.

Loans of the latter kind may, however, only be granted, by vote of a two thirds majority of the Council of the Bank, and in each case must be approved by the Minister of Finance.

The value of the real estate mortgaged must be fixed either by means of an estimation of the whole or by means of a special estimate of the details by experts.

The estimation of the whole real estate is arrived at by agreement between the Departments of Finance, the Interior, Agriculture and State Lands, in accordance with the average value of the arable land in the region.

Whenever such a valuation is recognised as impossible or insufficient, either on account of the variety of the soils or any other reason, the mortgages must always be based on a special detailed estimate made by experts. Besides this, the Bank, or the borrower himself, may always insist on a special detailed valuation.

These valuations, made under the direction and supervision of employees of the Bank, are carried out at the expense of the borrower in accordance with a fixed maximum tariff established by the authorities (1).

Industrial workshops, factories, mines and fisheries cannot be included in the estimation of the value of the land on which they are situated. Forests can only be included when their exploitation is being carried out on a fixed plan, in conformity with modern principles of forest economy and on the landowner engaging not to depart from this plan without special authority obtained from the Bank.

The buildings of which account is taken in making these special estimates must be insured against fire by the borrower at his own cost. He shall be bound to present the receipts for the renewal of the insurance at least a fortnight before the termination of the existing insurance.

For every loan granted by the Bank the borrower must pay regularly, every half year and in advance, interest, sinking fund, a contribution towards the working expenses, and finally, a contribution to the reserve fund, as stipulated in the contract.

The present amount of each of these various payments as well as the total amount of the charges on the loans granted by the Bank are shown in the following table:

(1) The rates are as follows:

For the estimate of a holding

of not more than . . .	500 deciatines	50 roubles
" " " " . . .	1,000	75
" " " " . . .	2,000	125
" " " " . . .	3,000	150 "
" " " " . . .	5,000	200 "

For holdings of more than 5,000 deciatines, 200 roubles for the first 5,000 deciatines and 20 roubles for every additional 1,000 deciatines or fraction thereof.

*Annual Charges on the Loans Granted by the Nobles'
Government Land Bank.*

Loans in 4 ¹ / ₂ % Bonds.					Loans in 5 % Bonds.				
Term of Loan	Sinking Fund	Interest	Working Expenses and Reserve Fund	Total	Term of Loan	Sinking Fund	Interest	Working Expenses and Reserve Fund	Total
	%	%	%	%		%	%	%	%
11 years	7.25	4.50	0.25	12—	10 years 8 months	7.25	5	0.25	12.5
14 "	5.25	4.50	0.25	10—	13 " 7 " . . .	5.25	5	0.25	10.5
20 "	3.25	4.50	0.25	8—	18 " 11 " . . .	3.25	5	0.25	8.5
25 "	2.25	4.50	0.25	7—	23 " 9 " . . .	2.25	5	0.25	7.5
34 " 6 months .	1.25	4.50	0.25	6—	32 " 8 " . . .	1.25	5	0.25	6.5
38 " 4 " . . .	1—	4.50	0.25	5.75	36 " 4 " . . .	1—	5	0.25	5.5
44 "	0.75	4.50	0.25	5.50	41 " 3 " . . .	0.75	5	0.25	5—
51 " 9 months .	0.50	4.50	0.25	5.25	48 " 7 " . . .	0.50	5	0.25	5.5
66 " 6 " . . .	0.25	4.50	0.25	5—	61 " 8 " . . .	0.25	5	0.25	5.5

The borrower undertakes in writing, for the whole period of the mortgage not to take any steps in regard to the mortgaged property that might diminish its value and its yield and not in any other way to injure the interests of the Bank. Without the previous consent of the Bank he may not lease the mortgaged property for more than three years, nor receive in advance any rent for a term exceeding one year, nor sell or exploit the forests of the land, nor, finally, sell or demolish buildings existing on it at the moment the valuation was made.

The extension of the term of a loan, with the object of reducing the charges, may only be granted after the expiry of at least five years from the signature of the original contract. If the Bank approves the operation, the amount still to pay is converted into a new loan from the date of the conversion so made.

The borrower may also ask for the conversion of an earlier mortgage into a new one to include, possibly, an additional loan over and above the amount not yet repaid on the first mortgage. If the amount of the additional loan, together with that of the original loan, does not exceed 60% of the estimated value of the landed estate, no new valuation will be necessary for the purposes of the operation. If, however, this 60% be

needed, a new valuation by experts will be necessary and the new mortgage will be passed in accordance with the general rules given above.

In addition to the sinking fund payments stipulated in the mortgage contract, the borrower is free to make other extraordinary payments for the same purpose when he judges fit; on condition, however, that the amounts paid be not less than 100 roubles in each instance.

The mortgaged estate can only pass into other hands when the new owner assumes, by contract approved by the Bank, all the charges burdened on it, and on condition that all arrears are paid.

Favourable conditions that may have been conceded to the former proprietor are not necessarily transferable to the new one.

When a holding mortgaged to the *Nobles' Government Land Bank* passes by way of legal inheritance to an owner who does not belong to the hereditary nobility (1), he will, however, enjoy all the class prerogatives of the deceased, as far as concerns the Bank, just as if he were an hereditary noble.

If this first owner, who is not noble, dies in his turn, and the estate passes for the second time into the hands of one who is not a member of the hereditary nobility, this new proprietor must discharge all the debt on the estate due to the *Nobles' Bank*, within the maximum term of ten years, from the date of the death of the last noble landlord. In case this clause is not complied with, the Bank shall have the mortgaged estate sold by auction, in order to enable him to enter into possession.

The same condition of repayment of debts within the maximum term of ten years — must be observed and the same procedure followed in the case of non-observance, whenever an estate mortgaged to the *Nobles' Government Land Bank* passes into the hands of a landlord who is not a member of the hereditary nobility, by way of purchase, donation, etc., that is, by any other way than that of legal inheritance.

IV. — *Work of the Bank.*

Let us, finally, give a few figures from the last reports of the Bank, with the object of showing its work generally, especially within recent years.

Up to January 1st., 1912, the *Nobles' Government Land Bank* had granted altogether 41, 184 loans for a total amount of 1,626,259,500 roubles and a mortgage of 40,330,987 deciatines of land of a total value estimated at 2802,008,934 roubles.

If from these figures we subtract those for renewals of mortgages, we find that in 26 years from 1886 to 1912, the number of the landed estates mortgaged to the Bank was 27,228, with an area of 24,343,319 deciatines — almost equal to the whole area of Italy (26,000,000 deciatines) and an

(1) See page

estimated value of 1,859,940,124 roubles. The amount of the loans granted on security of this land was 1,083,141,100 roubles.

In the year 1912, 1,569 applications for loans were received for an amount of 146,490,598 roubles on the security of 1,570,828 deciatines.

The number of loans granted was 1,486 for an amount of 109,314,100 roubles secured on 1,195,873 deciatines.

We give below the figures for the five preceding years:

Year	Number of Loans Granted	Area Mortgaged	Average Number of Deciatines per Loan Granted	Total Amount of Loans Granted (in roubles)	Average Amount per Loan (roubles)	Average Estimate per Deciatine	Average Loans per Deciatine
1907 . . .	280	615,102	2,197	26,164,000	92,400	71	41
1908 . . .	518	523,522	1,011	31,657,900	61,100	102	60
1909 . . .	786	825,325	1,050	49,701,600	63,200	103	60
1910 . . .	1,248	1,083,179	868	87,125,400	69,800	138	57
1911 . . .	1,355	1,101,685	813	88,842,600	65,600	138	58
1912 . . .	1,486	1,195,873	805	109,314,100	73,500	159	91

Almost all the mortgages granted (1,471, out of 1,486, that is 99 %) were for the maximum term allowed by the Bank. The same was the case in earlier years (98 % in 1907, 1910 and 1911; 99 % in 1908, 1909 and 1912).

The total amount of the 1,486 loans granted in 1912 was 92 % of the amount applied for by the borrowers.

Of these 1,486 loans, 546 were on *first mortgage*. The following table gives an idea of the business done in this way in the last six years.

Year	Number of Loans Granted	Area Mortgaged	Total Amount of Loans	Average Amount per Loan
1907	78	74,523	2,114,400	955
1908	192	199,844	5,108,400	624
1909	261	186,048	8,753,700	720
1910	446	313,803	24,217,700	704
1911	459	330,030	19,249,500	719
1912	546	430,627	29,382,400	756

When we remember that in Russia holdings may be considered *small*, not exceeding 100 deciatines, *medium sized*, when of an area of between 100 and 1,000 deciatines, and *large*, when exceeding 1,000 deciatines, his table will alone suffice to show us that it is above all the large and medium sized holdings that are burdened by first mortgages. The following figures will bring this fact into even stronger relief, both as regards the percentage of the mortgages passed and the total area of the land mortgaged.

Area of Holdings	Percentage of the Number of Mortgages Passed						Area of Holdings	Percentage of the total Area Mortgaged					
	1907	1908	1909	1910	1911	1912		1907	1908	1909	1910	1911	1912
Small Holdings, up to 100 deciatines . . .	20.5	21.8	18.0	26.4	27.9	27.7	Small Holdings, up to 100 deciatines . . .	1.0	2.0	1.5	2.7	2.0	1.7
Medium sized Holdings, between 100 and 1,000 deciatines . . .	51.3	62.0	63.6	60.4	56.0	56.8	Medium sized Holdings, between 100 and 1,000 deciatines . . .	21.0	38.3	32.7	29.8	26.4	26.6
Large Holdings, of over 1,000 deciatines . . .	28.2	16.2	18.4	13.2	16.1	15.5	Large Holdings, of over 1,000 deciatines . . .	77.9	59.7	65.8	68.1	71.6	71.7
Total . . .	100	100	100	100	100	100	Total . . .	100	100	100	100	100	100

We have already seen (page 86) that in 1894, the *Nobles' Government Land Bank* was authorized to grant loans on terms of favour (up to the amount of 75 % of the estimated value of the estate) to help the Russian landed nobility in acquiring land in the half-Polish provinces of the West.

Between 1894 and 1907, the total number of loans granted for the purpose was 192. In 1907, there were two new loans; in 1908, only one; in 1909, three; in 1910, five; in 1911, six and in 1912 also six. That is together, then, 215 loans for a total value of 23,045,300 roubles, by means of which 516,883 deciatines of land previously held by Poles have passed into the hands of Russian landlords.

Let us now briefly consider the funds of the Bank.

On January 1st., 1912, the Bank had available:

1st., A nominal capital of 774,540,100 roubles in land bonds in circulation.

2nd., An amount of 74,942,097 roubles, 72 kopeks, the amount of the issue of 5 % premium bearing bonds.

3rd., A reserve fund of 13,766,783 roubles, 92 $\frac{1}{2}$ kopeks.

Altogether, then: 863,248,981 roubles, 64 $\frac{1}{2}$ kopeks.

In the year 1912, the capital consisting in premium bearing bonds had not varied in amount. An issue of new land bonds (at 4 $\frac{1}{2}$ % and 5 %)

was made for an amount of 65,897,800 roubles, but, as 16,667,500 roubles were withdrawn from circulation, the total amount was really 823,770,400 roubles.

The reserve fund also increased in the year 1912 to 16,658,145 roubles 65 $\frac{1}{4}$ kopeks.

So that, in conclusion, the total amount of capital the Bank had available on January 1st., 1913 amounted to 915,370,643 roubles, 34 $\frac{1}{4}$ kopeks.

At the same date, the Bank had real estate of a value of 949,000 roubles and negotiable paper for an amount of 16,841,775 roubles.

In the Estimates of Expenditure approved by the Minister of Finance for the year 1912, the working expenses of the Bank were calculated as follows:

Staff and Maintenance of Stock	1,175,990 roubles	66 $\frac{1}{2}$
Banking Operations	329,695	64
Advertisements of Auction Sales	68,206	70
<hr/>		
Total . . .	1,573,983 roubles	64 $\frac{1}{2}$

The expenses actually came to:

Staff and Maintenance of Stock	1,153,241 roubles	47 $\frac{1}{2}$
Banking Operations	326,282	20
Advertisements of Auction Sales	61,698	25
<hr/>		
Total . . .	1,541,221 roubles	95 $\frac{1}{2}$

To this ordinary expenditure we must add 345,687 roubles, 61 $\frac{1}{4}$ kopeks, extraordinary expenditure, bringing the total expenditure for maintenance and work of the Bank for the year 1912 up to 1,886,909 roubles 56 $\frac{1}{4}$ kopeks.

Against this expenditure, we have the following receipts for the year:

1/8 % Commission on Payments made by	
Borrowers	2,265,364 r. 79 k.
1/4 % Commission on New Loans	164,802 » 50 »
Balance of the Interest	504,797 » 43 »
Fines for Payments in Arrears	967,382 » 84 »
Interest on Securities belonging to the Bank	699,853 » 13 »
Miscellaneous Interest	161,995 » 82 »
Repayment of Expenditure on Notices	
of Sales	52,830 » — »
Miscellaneous Receipts	161,265 » 98 »
Total	4,978,292 r. 49 k.

After deducting the expenditure as shown above, the final result is a credit balance of 3,091,382 roubles, 14 1/4 kopeks; this sum was, in accordance with the rules (see page 89) placed to the reserve fund of the Bank.

Finally, let us conclude our study with the following general statement of the mortgage business of the *Nobles' Government Land Bank*, during the 27 years of its existence, from 1886 to January 1st, 1913.

Mortgage Operations

Years	First Mortgages			Loan
	Number of Loans	Declatines	Estimated Value	
1886	2,135	1,679,210	121,818,373	61.1
1887	2,412	2,275,652	122,685,606	61.2
1888	1,372	1,125,221	56,939,572	52.1
1889	1,231	1,041,330	61,955,900	53.1
1890	1,880	1,829,214	95,844,490	54.3
1891	1,602	1,426,147	76,091,864	54.4
1892	1,076	858,089	42,872,963	41.1
1893	884	1,175,238	46,386,079	44.1
1894	656	680,415	36,992,123	34.1
1895	1,378	1,248,347	78,769,098	34.2
1896	1,563	1,730,933	93,599,260	41.1
1897	1,451	1,278,557	78,131,029	43.1
1898	2,261	2,002,437	118,111,807	61.1
1899	1,250	1,145,373	64,185,145	51.1
1900	1,059	835,309	62,885,723	51.1
1901	963	684,487	54,134,525	51.1
1902	843	608,825	53,071,354	50.4
1903	691	451,880	33,103,075	51.1
1904	537	390,758	23,870,348	51.1
1905	301	364,867	14,554,962	71.1
1906	247	368,414	15,831,242	51.1
1907	78	74,523	3,822,003	51.1
1908	192	119,844	9,298,368	51.1
1909	261	186,048	15,265,276	51.1
1910	446	313,803	41,737,743	51.1
1911	459	339,030	33,253,048	51.1
1912	546	430,627	51,243,203	51.1
1886-1912	27,774	24,616,578	1,506,454,839	51.1

of Land Bank from 1886 to 1913.

Original or Supplementary Mortgages				Total		
Deci-tines	Estimated Value	Amount of Loans Granted	Number of Loans	Deci-tines	Estimated Value	Amount of Loans Granted
—	—	463,800	2,172	1,640,210	121,813,373	68,783,300
—	1,475,882	1,168,900	2,552	2,275,652	124,161,488	70,963,300
—	1,420,942	1,527,100	1,546	1,125,221	58,300,514	33,705,700
22	1,364,846	1,619,600	1,444	1,041,352	63,320,746	36,736,800
141,818	11,268,412	7,236,200	2,143	1,971,032	107,112,902	61,692,300
331,807	24,206,647	13,280,100	1,931	1,787,954	100,298,511	56,186,300
340,287	19,005,791	10,697,300	1,365	1,198,376	61,878,754	32,339,400
469,383	30,726,365	17,815,800	1,242	1,644,621	77,112,444	42,110,800
479,645	34,245,606	20,128,400	1,090	1,160,060	71,237,729	39,195,400
1,024,173	73,090,100	42,050,300	2,125	2,272,520	151,859,798	81,976,400
1,151,565	87,049,795	50,309,800	2,412	2,882,198	180,649,055	98,048,100
1,037,712	76,469,252	45,905,100	2,253	2,316,269	154,600,281	88,990,200
1,069,105	90,095,435	52,959,700	3,174	3,071,542	208,207,242	120,460,100
907,479	59,988,535	34,445,000	1,900	2,052,852	124,173,680	71,623,000
917,232	70,214,157	40,593,600	1,784	1,752,541	133,099,880	76,148,300
996,193	94,080,767	54,646,500	1,818	1,680,680	148,215,202	83,975,900
1,285,085	102,227,346	57,931,400	1,767	1,893,910	155,298,700	87,907,700
950,803	84,236,269	48,302,700	1,549	1,411,683	117,333,344	66,523,700
900,738	70,112,667	39,667,300	1,259	1,291,496	93,983,015	52,950,100
582,982	55,169,803	32,101,000	846	947,849	69,724,765	39,788,200
395,442	40,315,085	23,740,400	625	763,856	50,146,327	32,573,000
540,579	39,705,133	24,049,600	280	615,102	43,526,597	26,164,000
403,678	43,958,229	26,549,500	518	523,322	53,256,507	31,657,900
639,277	69,840,012	40,947,900	786	825,325	85,105,288	49,701,600
769,376	107,621,745	62,907,700	1,248	1,083,179	140,359,488	87,125,400
771,655	118,913,637	69,593,100	1,355	1,101,685	152,166,685	88,842,600
765,246	139,115,514	79,931,700	1,486	1,195,873	190,358,777	109,314,100
16,910,282	1,545,911,972	900,569,500	42,670	41,526,860	3,052,366,811	1,735,573,600

Part IV: Miscellaneous

ARGENTINA.

SOME OFFICIAL STATISTICS OF AGRICULTURAL LANDED PROPERTY IN THE ARGENTINE REPUBLIC.

The Department of Agricultural Statistics and Rural Economics, lately directed by Dr. Emilio Lahitte, has supplied us with some important information in regard to Argentine agricultural landed property (1).

We very readily reproduce this information which is of great importance for the study of the Argentine land question.

§ I. SALES.

In the year 1913 6,621,705 ha. were sold for 296,937,604 pesos (national money), a larger amount than was realised in any of the preceding ten years.

In the ten years 1904-1913, 108,626,312 ha. were sold for 2,664,108,103 pesos.

The number of hectares sold in the above period was 50 % of the total area of Argentina, exclusive of the land that cannot be sold.

In the course of the above ten years, urban and rural land was sold for the amount of 6,500,000,000 pesos, giving an average of 650,000,000 pesos a year.

(1) See for further particulars the article "Some Indications of the Economic and Agricultural Progress of Argentina", in the *Bulletin of Economic and Social Intelligence*, October, 1914.

§ 2. MORTGAGES.

Mortgages on rural real estate were registered in the year 1913 for an amount of 287,545,140 pesos, legal money, on an area of 6,895,529 ha. The amount was less than that registered in 1912 (349,000,000 pesos), but exceeds that registered in preceding years.

The amount of rural mortgages registered in the ten years 1904-1913 was 1,805,438,957 pesos, legal money. The amount of the mortgages corresponded to 70 % of the amount of the sales in the same ten years.

§ 3. AREA, SUBDIVISION, AND VALUE OF RURAL REAL ESTATE
IN FOUR PROVINCES.

In the following tables we give statistics of area, subdivision and value of rural holdings in the four provinces of Cordoba, Santa Fe, Entre Rios and Santiago del Estero. The value of the holdings was calculated from the average prices obtained in 1912, and the estimations made by the Treasury for the purposes of the land tax are shown in a parallel column.

SOME OFFICIAL STATISTICS OF AGRICULTURAL LANDED PROPERTY 103

Province of Cordoba.

Departments	Area — (in hectares)	Number of Landowners	Value as Estimated by the Treasury	Average Value according to the Sales in 1912 (in pesos per ha.)
Department of Cordoba	57,600	838	2.82	665
» Calamuchita	519,900	2,175	11.12	23
» Colon	288,900	1,072	28.29	64
» Cruz de Eje	712,890	1,008	7.20	24
» General Roce	1,413,300	604	39.32	236
» Iochilin	575,909	909	9.87	33
» Járez Celman	1,346,000	1,027	54.93	148
» Járez Marcos	1,035,000	1,308	79.83	181
» Minas	400,200	563	4.25	9
» Pocho	298,900	971	5.21	21
» Puhilla	245,560	754	84.45	22
» Rio 4º	1,868,700	2,401	41.18	122
» Rio Primero	570,800	2,633	17.56	40
» Rio Segundo	543,100	2,048	50.20	118
» Rio Seco	1,043,200	528	5.45	16
» San Alberto	370,600	894	6.98	42
» San Javier	148,800	859	16.80	136
» San Justo	1,438,000	3,062	46.37	508
» Santa Maria	310,600	1,823	32.11	87
» Sobremonte	586,100	386	6.36	9
» Tercero Abajo	493,800	1,274	63.93	241
» Tercero Arriba	565,500	1,052	35.87	113
» Tortoral	409,090	696	17.75	86
» Tulumba	811,400	1,066	8.12	16
» Union	1,380,300	1,941	61.05	146

Province of Santa Fé.

Department of Santa Fé	295,100	1,775	137.00	86
» Belgrano	283,400	949	196.65	209
» Cazeros	332,200	2,597	227.88	222
» Castellanos	696,700	5,688	137.00	85
» Constitución	324,200	4,776	261.07	268
» Garray	398,200	798	56.83	71
» Iriondo	261,100	2,380	223.55	222
» Las Colonias	671,700	4,790	147.96	165
» Lopez	1,132,900	2,308	139.07	151
» Nueve de Julio	1,640,000	237	20.77	410
» Obligado	1,424,900	1,819	25.00	30
» Rosario	163,500	1,853	158.33	817
» Cristóbal	1,449,200	2,547	52.68	70
» San Javier	780,800	973	62.16	17
» San Jerónimo	444,800	2,281	156.85	130
» San Justo	566,800	1,188	56.83	71
» San Lorenzo	185,500	1,366	271.17	336
» San Martín	446,400	2,252	145.71	153
» Pera	1,673,200	355	22.14	21

Province of Entre-Rios.

Departments	Area	Number	Value	Average Value
	(in hectares)	of Landowners	Estimated by the Treasury (in pesos per ha.)	according to the Sales in 1921
Department of Colón	322,700	1,311	83	116
" " Concordia	760,900	77	50	4
" " Diamante	254,000	1,279	61	121
" " Federación	365,400	418	58	27
" " Feliciano	303,200	472	32	21
" " Gualeguay	657,800	567	54	77
" " Gualeguaychí	1,177,700	922	74	75
" " La Paz	717,300	605	32	22
" " Paraná	444,300	90	2,177	12
" " Nogoyá	421,800	1,627	60	135
" " Tala	265,200	858	57	40
" " Uruguay	559,800	1,007	87	74
" " Victoria	516,500	921	40	53
" " Villaguay	747,100	1,210	46	75

Province of Santiago del Estero.

Department of Santiago del Estero	194,000	547	14	119
" " Avelleda	387,000	—	10	15
" " Aquilera	415,500	—	11	7
" " Atamisqui	216,000	142	4	2
" " La Banda	333,500	368	17	53
" " Belgrano	359,000	152	11	22
" " Choya	1,401,500	213	5	12
" " Copo	2,695,000	496	5	3
" " Figueroa	659,500	206	7	13
" " Guasayán	281,000	242	5	23
" " Jimenes	575,000	354	5	14
" " Loreto	332,500	277	4	21
" " Matara	895,500	151	5	2
" " Mitre	314,000	—	6	4
" " Moreno	1,578,000	90	9	27
" " Ojo de Agua	650,050	372	5	7
" " Pellegrini	659,500	—	5	7
" " Quebrachos	573,500	563	5	7
" " Río Hondo	199,500	112	73	24
" " Rivadavia	436,000	—	11	7
" " Robles	134,000	311	11	22
" " Salavina	283,000	362	5	14
" " San Martín	195,000	—	7	25
" " Sarmiento	148,000	—	4	22
" " Silipica	116,000	277	8	27
" " Veicele y Ocho de Marzo	608,000	227	8	27

§ 4. STATE DOMAINS.

In the following table we give Statistics of the area of the land belonging to the State, as well as of the land transferred by it. The total area of this land is 120,675,750 ha. (1). The hectares alienated by the State up to December 31st. last were 36,438,614, so that the nation still possesses 84,247,136 ha. or 70 % of the total area.

State Land	Area (hectares)	Transferred	Percent- age	State Property	Percent- age
Paraguay Central	14,025,000	12,877,633	89.28	1,547,367	10.72
Chaco	10,367,250	2,474,362	23.87	7,892,888	76.13
Rio Negro	19,872,000	5,737,630	28.87	14,134,370	71.15
Misiones	9,648,000	3,898,050	40.40	5,749,950	59.60
Matones	2,052,000	1,680,487	81.90	1,271,513	61.90
Chubut	22,428,000	1,318,480	5.88	18,109,520	80.75
Santa Cruz	23,752,000	3,458,601	14.55	20,293,399	85.45
T. de Fuego	2,132,900	406,923	19.05	1,662,977	78.00
Formosa	9,412,000	1,523,448	16.18	7,888,552	83.82
Los Andes	5,696,600	—	—	5,696,600	100.00
	116,685,750	36,438,614	30.19	84,247,136	69.81

(1) The total area of the Republic is 2,952,551 sq. km.

ITALY.

WORKMEN'S ORGANIZATIONS IN ITALY.

SOURCES :

STATISTICA DELLE ORGANIZZAZIONI DI LAVORATORI, AL 1° GENNAIO 1913. (*Statistics of Workmen's Organizations on January 1st., 1913*). Supplement to the *Bullettino dell'Ufficio del Lavoro*, No. 20. Annual Publication of the Labour Office. Department of Agriculture, Industry and Commerce. Rome, G. Bertero and Co. Printers, 1914.

The Labour Office has recently published statistics of the Italian workmen's organizations for 1913, giving particulars in relation to the

TABLE I. — *Agricultural and Industrial*

Classes	1907		1908		1909	
	Leagues	Members	Leagues	Members	Leagues	Members
Agricultural	1,203	279,513	1,809	426,079	1,774	417,774
Industrial	3,040	404,533	3,766	508,290	3,897	517,897
Total	4,343	684,046	5,575	934,369	5,671	935,671

protective leagues, federations of labour, trade unions, agricultural labourers' organizations etc.

We reproduce here the principal details published, those relating to the peasants' leagues having special interest for us.

They form a necessary and logical supplement to those we have already given (i) in regard to the Agricultural Employers' Associations.

§ 1. THE DEVELOPMENT OF LABOUR ORGANIZATION.

The statistics show us in the first place that on January 1st., 1913 there were in the Kingdom 7,835 workmen's leagues with 971,667 members, 2,082 being leagues of agricultural labourers and 4,853 of industrial workmen. In the following table, the figures for 1913 are given for comparison with those for previous years beginning with 1907, and show the progress of labour organization.

After 1908, a decrease may be observed in the number of workmen organized, and then an increase up to 1913, when the highest figures were reached. The number of leagues, on the other hand, has gone on steadily increasing, except for a slight decrease in 1910.

In the tables the leagues are classified as free, Catholic and independent. Those adhering to labour federations or trade unions are called free. The Catholic leagues are strictly denominational. The independent leagues are those not adhering to labour federations or trade unions and not denominational.

Organized between 1907 and 1913.

1907	1911		1912		1913	
	Members	Leagues	Members	Leagues	Members	Leagues
	390,851	2,737	407,999	2,626	408,148	2,082
	426,183	4,308	439,531	4,703	452,354	4,853
	817,034	7,045	847,530	7,329	860,502	7,835
						971,667

For these three forms of organization we can give the following figures for the years 1911 and 1912. The figures in brackets show percentages.

1. See the number of this Bulletin for April, 1914, pages 28 et seqq.

TABLE II. — *Organisations, Free, Catholic and Independent in 1911 and 1912.*

Classes		Free		Catholic		Independent		Total	
		Leagues	Members	Leagues	Members	Leagues	Members	Leagues	Members
Agricultural	1911	2,099 (76.7)	249,373 (61.1)	213 (7.8)	46,425 (11.4)	425 (15.5)	112,201 (27.5)	2,737	407,999
	1912	2,064 (78.6)	286,692 (70.2)	197 (7.5)	42,392 (10.4)	365 (13.9)	79,064 (19.3)	2,626	408,148
Industrial	1911	3,644 (84.6)	346,020 (78.7)	432 (10)	64,891 (14.8)	232 (5.4)	28,620 (6.5)	4,308	439,531
	1912	3,964 (84.3)	352,978 (78)	363 (7.7)	65,620 (14.5)	376 (8)	33,747 (7.5)	4,703	452,334
Total	1911	5,743 (81.5)	595,393 (70.3)	645 (9.2)	111,316 (13.1)	657 (9.3)	140,821 (16.6)	7,015	847,530
	1912	6,028 (82.3)	639,670 (74.3)	560 (7.6)	108,021 (12.6)	741 (10.1)	112,811 (13.1)	7,329	860,512

The Free organizations are, therefore, by far the most wide spread. They and the Catholic organizations are more frequently leagues of industrial workmen than of agricultural labourers, while agricultural leagues predominate among the independent organizations. The free organizations again consist principally of men, workmen in the large industries and day labourers; in the Catholic organizations, on the other hand, there are a larger number of women, artisans, metayers, small tenants etc.

In 1911 and 1913 the organized agricultural labourers might be classified as follows.

TABLE III. — *Classification of Organized Agricultural Labourers in 1911 and 1913.*

Classes	Free Organizations		Catholic Organizations		Independent Organizations		Total	
	1911	1913	1911	1913	1911	1913	1911	1913
Small Landowners	502	2,461	1,525	7,539	12,098	12,716	14,123	22,711
Small Tenants	2,509	2,285	2,670	5,494	12,877	17,804	18,096	25,468
Tenants paying Rent partly in Kind	58,039	35,060	31,280	22,606	15,785	19,876	105,114	77,944
Labourers on Contract or Partly Free	6,674	6,253	6,870	5,701	6,929	8,507	16,473	20,451
Day Labourers	187,639	249,122	2,273	11,017	67,855	71,616	262,767	327,715

The largest numbers of agricultural labourers' leagues are found in Romagna (1,057 leagues with 163,873 members), then in Emilia (652 with 6,438 members), Lombardy (448 with 44,988 members), Sicily (149 with 7,250 members) and Apulia (71 with 65,818 members).

The largest numbers of industrial leagues are found in Lombardy (635 leagues with 101,016 members), Romagna (919 with 69,132 members), Emilia (546 with 38,547 members) etc. The largest number of organized workmen are workers in metal (55,566), housebuilders (78,417), brick-makers (22,009) and spinners and weavers (38,952).

§ 2. FEDERAL ORGANIZATION.

As in the field of co-operation so also in that of protection, the local organizations tend to unite in larger groups. Thus, it is that many leagues affiliate themselves to labour federations and trade unions. To what degree they are affiliated to these two classes is seen in the following table, showing the figures for the period 1906-1913:

TABLE IV. — *Federal Organization between 1906 and 1913.*

	1906	1907	1908	1909	1910	1911	1912	1913
Labour Federations:								
Leagues	2,732	3,132	8,798	3,864	4,143	4,686	5,231	5,437
Members	317,446	387,384	552,644	501,210	501,941	488,324	528,151	622,298
Trade Unions								
Leagues	2,702	2,044	2,605	2,479	2,894	3,145	1,145	1,186
Members	157,289	204,271	191,599	175,836	166,156	209,947	197,589	213,695

It is to be observed that in 1913, 286 co-operative societies with 31,144 members, acting as trade leagues, were affiliated to the Labour Federations.

The Statistics for 1913 give detailed notices in regard to 107 labour federations. Of these, 18 date from before 1900; 4 were founded in 1900, 15 in 1901, 14 in 1902 and the others later. Ten of these have each more than 15,000 members. Amongst them that of Milan, has 26,023, that of

Mantua 18,093, that of Parma 20,249, that of Reggio Emilia 27,374, that of Ferrara 43,377, that of Bologna 59,874, that of Palermo 24,693 and so on.

The sphere of action of these labour federations usually extends to a whole province, but often only to a district or a group of communes.

In accordance with their rules, they have charge of the labour bureaux and of the legal and medical advisory offices for the working classes, but the work of the labour bureaux is not of great importance (1) and generally advice is not given regularly by a special office, but by professional men in sympathy with the organization, who ask no remuneration for their services. However, the legal advice is almost limited to opinions in cases of accidents and arbitrary dismissals and the medical service is confined to the certifying of accidents.

Some labour federations (Milan, Novara, Vercelli, Alessandria etc.) have also organized schools and libraries for the workmen. All, however, generally aim at the defence of the interests of the working classes, promoting their organization by means of propaganda and assisting them in their endeavours to obtain improvements in their economic and social conditions (higher wages, shorter hours, application of the social laws etc.).

The organizations in question derive the funds for their work from the subscriptions of their members, which vary in amount from 0.30 fr. to 5 fr. or 6 fr. per ann. per member. In many federations, the contribution is the same for all members; in some, peasants and women pay smaller amounts than other members.

With respect to their financial situation, the total revenue of 90 labour federations in 1913 was 689,906 frs., the total expenditure 653,410 frs. In the same year the federations received 73,370 frs. in subsidies from the municipalities and 5,016 frs. from other organizations.

The Trade Unions, which limit themselves to a single class of workmen, have objects similar to those of the Labour Federations.

The Unions shown in the Statistical tables are 25: of these, 7 are labour bureaux and have a strike fund; 5 have an unemployment fund; 3 give travelling subsidies. In 1913, twenty unions had a total income of 859,875 frs. and a total expenditure of 966,805 frs.

The agricultural leagues are also federated in central organizations engaging also in local propaganda. Among these we must mention the Provincial Federations of Milan, Bologna, Cremona, Ravenna, Reggio Emilia, Rovigo etc.

The local organizations are united in the *Federazione Nazionale dei Lavoratori della Terra* (*National Federation of Agricultural Labourers*) with head quarters at Bologna, with 159,243 members.

(1) The contributions of the workmen's organizations to the labour bureaux are small; the labour federations only contribute 0.71 % of their total expenditure; the Catholic organization 1.78 % and the agricultural labourers' organizations 2.37 %.

§ 3. RELATIONS BETWEEN CO-OPERATION AND DEFENCE.

In the publication of the Labour Office, the Statistical data are followed by interesting considerations on the development and work of the workmen's syndicates, their form and their means of action. Without entering deeply into this part of the enquiry, we must point out that in almost all the workmen's congresses for defence of labour and co-operation held in recent years the necessity has been affirmed of revising the general plan of organization in order to give it an organic form more in conformity with the new conditions.

In particular, the necessity is expressed of defining more precisely the relations between the leagues and the societies.

Indeed, in a meeting of the Boards of Management of the General Federation of Labour, the National League of Co-operative Societies and the Italian Federation of Mutual Aid Societies, held at Milan, the need was recognised of "regulating the mutual bonds, relations and duties of the trade syndicates, mutual aid and co-operative societies; devising new forms of associations for the entire work of defence, thrift and co-operation, specifying the essential character indispensable for all workmen's societies adhering to the organizations and thus giving the workmen's movement unity of action and aim and an orderly form". The defect most commonly complained of is the absence of any co-ordination in the work of the leagues, the co-operative and the mutual societies, three forms of organization by which the labourers are trying to improve their economic conditions, in consequence of which the workmen's organization as a whole can not have any single and constant direction."

It is to be desired that the co-operative societies may give all their moral and material support to the leagues, if possible, registering their own members with them.

At the meeting of Venetian Co-operative Societies held at Legnano in August, 1913 the mutual duties of co-operation and defence were even better defined, and the following resolutions were passed:

(a) that the co-operative societies should loyally and practically encourage the defence of labour, assisting in the foundation of leagues and syndicates where none such exist, supporting them in their struggles, utilising their successes etc.;

(b) that the defence societies should give large and spontaneous assistance to co-operation in its battles against private enterprise etc.;

(c) that the co-operative societies should favour the registration of their own members in the local defence leagues and second the work of the latter;

(d) that there should be formed mixed committees of representatives of co-operation and defence in every province and region, in order to maintain constant relations between the two forms of associations and remove possible differences.

In the same meeting at Legnago it was said that workmen's co-operation must have it for its object not only to defend the special interests of the associates, but also to strengthen their solidarity and improve their economic and moral conditions. It therefore must not detach itself from the movement in favour of defence and so give rise to isolated organizations of special groups of workmen or private speculation. Its action, on the other hand, being subject to the laws of production and competition, must be developed within the limits and in the forms imposed by the economic requirements of the situation, so that the defence leagues may not make unfair and exaggerated demands on the co-operative societies as compared with those made by private enterprise.

The Tuscan defence congress held in September, 1912, laid it down that all the co-operative societies for production should keep in contact with the defence organization, "which must be assisted in every way."

Finally, in May, 1913, the Congress of employees engaged in working agricultural machinery held in Bologna decided to support the co-operative machine societies, "as the principal object of the organization of labour is to deliver labour from the middlemen and to fit the labourers for the exercise of every branch of production."

The plan referred to of co-ordinating the action of the trade syndicates, mutual aid and co-operative societies, which has been recently devised, having, however, not everywhere been given definite form, a positive opinion cannot be expressed in regard to the result. It is enough for us to have signalled it as a characteristic feature of the most recent movement of the Italian workmen's organization.

JAPAN.

HOME COLONISATION.

PART III.

HOME COLONISATION IN COREA.

§ I. GENERAL REMARKS.

The Imperial Government of Japan, when, on August 19th., 1910, as we know, it abolished the Protectorate régime in Corea, which had been in force there since 1905, annexed that large province to the Empire and undertook the responsibility of its immediate administration.

There is now a General Government of Corea (*Chôsen Sôtokufu*) at the head of which is a Governor General immediately responsible to the Council of Ministers at Tokio.

The annexation of Corea to Japan marked the beginning of the modern development of the peninsula, which, in spite of its great natural wealth, had for centuries suffered from a series of political changes and civil and foreign wars, which profoundly disturbed the social life and economic equilibrium. Agriculture, sharing the fate of the other industries and of commerce, had been neglected; the fertile plains had been gradually transformed into wastes infested with malaria; most of the luxuriant forests, of which splendid examples still remain in all the northern region of the peninsula, had been destroyed, with serious consequences for the national economy, the climate and the public health.

The Japanese Government, as soon as it came into possession of the new province, began a vigorous, uninterrupted and judicious work of administrative, social and economic reorganisation: Corea has become today a marvellous centre of every kind of activity: the construction of harbours, railways and roads, the establishment of telegraphic and telephonic communications, reafforestation, land improvement, the exploitation of the existing mineral and forest wealth, the impetus given to industry, fisheries and agriculture, have all contributed to so rapid a transformation of the province in question that we must regard the whole work as without any

doubt one of the most brilliant manifestations of clear sighted and orderly human activity. The results obtained in only four years of Japanese rule are themselves the best testimony to the excellence of the work.

Already in the introduction to the first Part of this Article (1) we briefly indicated the characteristics of the land and of the work of colonisation in Corea: land only partly cultivated and that part imperfectly, little density of population, no regulation or very insufficient regulation of the water supply, districts deforested and immense forests still existing. The work of home colonisation has been almost exclusively limited to the improvement of waste land, without any attempt at forming small or medium sized holdings or carrying out important works for the improvement and utilisation of the water supply. In addition, another characteristic feature of home colonisation in Corea consists in the effort made by the Japanese Government as far as possible to encourage immigration from Japan to Chôsen, in order to settle the largest possible number of Japanese colonists in this new territory of the Empire.

It is certainly hardly an easy matter to follow the clear sighted work of home colonisation carried out by the Japanese in Corea in the few years of their rule in all its details. When it occupied the country the Government found itself faced by so many and such serious problems that it is surprising that it has been able to deal with them all and obtain in every particular case really marvellous results. Certainly, if Japan could have limited its work of reform to one or other of the most urgent matters, it would have obtained in each of those directions even more satisfactory results.

But, before entering on the detailed study of this important work of home colonisation, it seems to us advisable to give some general information with regard to the population and agricultural situation of the peninsula.

The earliest reliable census returns of the population of Corea are those of 1909; there were then in a total population of about 13,080,000 about 12,934,000 Coreans and only 146,000 Japanese.

The following table shows the movement of population in Corea from 1909 to 1912:

TABLE I. — *Movement of Population in Corea in the Period 1909-1912*

Year	Coreans	Japanese	Foreigners	Total
1909	12,934,282	146,147	10,427	13,090,856
1910	13,128,780	171,543	12,694	13,313,017
1911	13,832,376	210,689	12,804	14,055,869
1912	14,566,783	293,729	16,589	14,877,101

(1) See *Bulletin of Economic and Social Intelligence*, Year V, No. 7. July, 1914, page 121.

As we see, the majority of the native population is overwhelming. Yet while the total number of Koreans increases, the percentage decreases. Thus in 1909 the natives were 98.8 % of the population; in 1911 the percentage had decreased to 98.41 % and in 1912 to 98 %. On the other hand, the Japanese population increased successively in the same period from 1.15 % to 1.52 % and 1.67 %. These are certainly not extraordinary changes, but still they are worthy of consideration.

In 1909 the density of the population was 60 per sq. km., in 1910 it was 61, in 1911, 64 and in 1912, 66. There is then ample room for a larger population.

As regards agriculture, we must remember that, in spite of the long period of decline through which Korea passed up to the date of its annexation by Japan, the cultivation of the soil still remained the chief, if not the sole, occupation of the inhabitants. The methods in use were rudimentary, unscientific and produced little, but stimulated the attachment of the population to the soil. In this way, the work of progress inaugurated by the Japanese Government found here propitious soil and no great difficulty, as it was not a question of familiarising the natives with a new kind of work but simply of modifying the methods of cultivation in use. Certainly, in view of the deeply rooted conservatism of the Koreans, the work has not always gone on without some slight obstacles.

As regards the general agricultural position of the peninsula, it must be stated that the area now under cultivation is about 2,200,000 *chô* (1,841,000 *chô* being rice fields and the rest (1,359,000 *chô*) fields temporarily irrigated. The cultivated land is 9.8 % of the total area of the peninsula and is distributed so as to give an average of 0.36 *chô* of ricefields and 0.57 *chô* of other fields (in all 0.93 *chô*) per agricultural household.

In Japan, the averages, as we have had occasion to observe elsewhere, are about 0.53 *chô* of rice fields and 0.49 *chô* of fields temporarily irrigated (altogether 1.02 *chô*) per agricultural household. From this we see that in Korea the distribution of the land closely resembles that of Japan proper.

The proportion of rice fields in Korea is less than in Japan, this being above all due to the fact that irrigation has not been carried out on the same scale in Korea as in Japan, so that in Korea the farms are more exposed to suffer from drought and inundations.

After thus briefly describing the general situation of the population and the agriculture of Korea, we shall now pass in review the salient features of the work of home colonisation.

We shall begin by examining the principal measures taken for the improvement of waste land.

§ 2. THE IMPROVEMENT OF WASTE LAND.

The land still uncultivated in the peninsula, of an estimated area of 1,185,000 *chô*, is 60 % of the total area fit for cultivation. Most of it is

107 1 *chô* = 0.19 *ha*.

State land; to favour its improvement as far as possible, with the object of rendering it fit for cultivation, a law was promulgated in July, 1907, in virtue of which the land may be let to any private individual who makes application.

Those, who within a fixed period succeed in cultivating waste land belonging to the State, acquire a preferent right and are granted important facilitations for the purchase of this land.

Yet, the application of the law is in practice hindered by many difficulties, owing to there being no accurate register, to the absence of sufficient supervision, and, finally, to defects in the law itself. Thus the authorities were instructed to study the general situation of the country were enjoined by Imperial Decree No. 82, of April, to study especially the situation of the uncultivated land. These studies were immediately initiated, a beginning being made with the provinces of *Keiki* and *Kôkai*; (Central provinces on the coast of the Yellow Sea).

At first lots of uncultivated land of not more than 3 *chô* were ceded to the Government, without account being taken of the law of 1907 on the utilization of waste land, but this gave rise to difficulties and abuses, so that the authorities were obliged to make the provisions of the law, by amendment of June, 1911, applicable also to transfers of lots of less than 3 *chô*. Improvement of waste land is authorized by the local Governor in the name of the Governor General of the peninsula.

In the following table we give some particulars in regard to the cession of waste land belonging to the State in recent years. In 1910, there were also 103 applications for concessions, 62 made by Japanese and 41 by natives. But there were only 38 granted, 18 to Japanese and 20 to natives, for an area amounting altogether to 2,012 *chô*. It is to be observed that the portion of this area granted to the Japanese is 1,671 *chô* and that granted to natives only 341 *chô*.

On January 1st., 1913, the general position in regard to the grants of uncultivated land was as follows:

TABLE II. — *General Situation of Uncultivated Land on January 1st., 1913*

Nationality of Applicants	Applications Made		Grants Made		Applications for Renewal		Applications for Renewal Granted	
	Number	Area <i>chô</i>	Number	Area <i>chô</i>	Number	Area <i>chô</i>	Number	Area <i>chô</i>
Japanese	889	89,231	118	5,597	12	2,217	—	—
Coreans	1,217	78,143	142	6,355	60	6,946	24	3,750
British	2	28	—	—	—	—	—	—
Total	2,206	167,402	255	11,925	72	9,117	24	3,750

(1) For Korean names we have adopted the official *Japanese* terminology. In the case of certain of the better known Korean names we shall give, together with the official Japanese, also the Korean word. Thus we shall write *Keijô* (Seul), *Fusan* (Pusan), *Chôshû* (Yalu) etc.

We shall now study more attentively another aspect of the work of home colonisation in Korea, which is perhaps the most important, namely, that of the currents of immigration from Japan to Chôsen and the means adopted by the Japanese Government to encourage them.

§ 1. IMMIGRATION INTO COREA AND THE ORIENTAL COLONISATION COMPANY.

The region of Korea is one of those to which the current of Japanese immigration is principally directed. Certainly, the native population is a primary obstacle to this current, which finds elsewhere, as for example, in Hokkaido, a freer course. Nevertheless, the passive character of the resistance of the native population and the tenacity and attachment to the soil, so strongly characteristic of the Japanese population, have encouraged the Government to persevere in its encouragement of the emigration of the Japanese population, which is thus superimposed on the native population, the consequences of which must be excellent.

The Japanese Government and the governing classes of Japan have neglected nothing that might encourage new currents of immigration to Korea. The most important step taken in this direction has been the constitution of the Oriental Colonisation Company (*Tôyô Takushoku Kabushiki Kaisha*).

The Company was founded in accordance with a law of March, 1908 and began working in the December of the same year.

In order to enable the Company to take part in the exploitation of the natural wealth of the peninsula, it has been authorized to undertake works of industrial and agricultural character, first of all collecting experienced farmers and labourers and then distributing them as required and advancing them the necessary funds for the initiation of the works. The Company acts under the immediate supervision of the Government.

The Company may also occupy itself with questions relating to the fisheries, as well as with every other auxiliary business of a nature to favour the realisation of its principal scope. The work undertaken by the Company is so extensive and important that it would be impossible to carry it out, without large subventions from Government: therefore, it has been granted an annual subvention of 300,000 yen for a period of eight years beginning with 1908. The share capital is 10,000,000 yen, of which 7,507,000 yen have already been paid up.

The former Korean Government, by ceding to the company rice fields and other fields of a total value of 3,000,000 yen, had virtually subscribed 50,000 shares. Of this land, 1,830 *chô* of rice fields and 606 *chô* of other fields had been definitely ceded to the Company in 1908 as a first instalment of the shares subscribed by the Korean Government. The remaining 5,005 *chô* of rice fields and 1,778 *chô* of other fields, selected in the various provinces and intended to represent the balance of the value of the shares subscribed by the former Government of Korea, have been ceded on lease to the Company until such time as payment is made in full.

The Company has besides bought on its own account 2,082 *chô* of the fields and 206 *chô* of other fields in the various provinces.

Branches of the Company have been founded on these areas, principally to supervise agriculture and immigration in the various provinces.

In addition, a special experimental farm has been established by the Company at Tokuson and other experimental farms have been founded at Koshu and Kokai.

Finally, the Company recently prepared a special basin for pisciculture and other maritime industries on the north west of the peninsula, 180 miles in length, situated between the mouths of the Seto and the Oryoku (Yalu). It was, however, found after a short experience that the fisheries were not very lucrative when directly carried on by the Company; it was consequently decided to give up this branch of industry to associations of fishermen better acquainted with the Korean waters.

In 1910, the Company returned to the Government a portion of the fields not irrigated in exchange for rice fields, so that at the end of the year the area leased by the Government to the Company was 7,485 *chô*. On the other hand, the Company bought land from private parties for a total area amounting at the end of the year to 8,600 *chô*.

In 1911, 3,076 *chô* of rice fields and 1,116 *chô* of unirrigated fields were transferred to the Company by the Government as 1st. and 2nd. payments on the shares held by it. In addition, 3,350 *chô* of rice fields and 119 *chô* of other fields in the various provinces were leased to the Company as security for the 3rd. and 4th. instalments of the above shares.

We give below a table showing the situation of the land belonging to the Company or worked by it in the period 1909-1912:

TABLE III. -- *Situation of the Holdings Belonging to or Worked by the Oriental Colonisation Company (1909-1912), in chô.*

Year	Land Transferred by Government in Payment of Shares					Land Bought by the Company					Land Leased					Total
	Rice Fields	Fields for Grain	Other Land	Total		Rice Fields	Fields for Grain	Other Land	Total		Rice Fields	Fields for Grain	Other Land	Total		
1909	1,831	605	—	2,436	2,094	267	1	2,362	5,508	1,782	—	7,290	13,088			
1910	1,831	605	—	2,436	6,813	1,695	91	8,599	5,237	2,167	—	7,454	15,441			
1911	3,706	1,115	—	4,821	15,058	5,387	2,463	22,608	3,550	1,654	—	5,004	32,711			
1912	9,826	3,006	135	12,967	22,071	8,646	3,333	35,050	2,673	1,908	128	4,709	52,750			

The land thus leased or bought by the Company has been leased to natives and Japanese. However, areas are sometimes worked by the Company itself directly for special purposes.

For the encouragement and improvement of agriculture, especially the cultivation of rice, since 1910, special nurseries, to the number of 43, have been started; these nurseries provide the farmers with selected seeds for the ensuing year.

In addition, the Company has distributed livestock, started nurseries of bamboo, beech etc.

But, as we have already before observed, one of the principal objects of the *Oriental Colonisation Company* is the encouragement of immigration from Japan to Korea. The regulations drawn up for the purpose by the Company were approved by the Government in September, 1910, and came into force on October 1st. of the same year. They consist rather of a series of restrictive measures with the special object of preventing the peninsula becoming the refuge of the unsuccessful and disreputable from the mother country. Thus, for example, out of 1,255 families presenting applications to the Company in the course of 1910 to be accepted as emigrants only 160 were accepted; in 1911, out of 1,174 families making similar application, only 720 were accepted.

It would be superfluous to explain the forms and regulations for these applications. Let us only mention one fact by way of example.

The fifth call for emigrants was made in 1914 for a maximum number of 1,500 families. The notice contained the following particulars and provisions.

Latest date for presentation of application, September 30th., 1914.

Latest date for removal, February 28th., 1915. Families desiring to emigrate must consist of individuals of good conduct and good morals, fitted to become good landholders (*jinnshi*) (1).

Each family is assigned a piece of land already brought under cultivation (rice fields or other fields) of an area of not more than 2 *chô*. These lots the colonists may purchase in 25 annual instalments.

If ten or more families combine to emigrate together, each receives, on leaving Japan, an advance of not more than 200 yen, together with the loan on specially favourable conditions of the necessary livestock, seeds, manure etc.

Applications for permission to emigrate to Korea must be made on special forms to be obtained from the Company's offices and must be presented at the local municipal offices (*shi-ku-chô son yakuba*).

The applications must be approved by the Company: emigrants who come to Korea without the sanction of the Company have no claim on it.

The emigrants may ask to be settled in such or such a district of the peninsula and the Company tries as far as possible to accede to their request.

In order to encourage immigration into certain districts, such, for example, as those of Hei-an and Kwan-Kyô (*Pyong-an* and *Hamgyong*), the Company pays the emigrants' passage from the port of Fusan (*Pusan*) and contributes towards the building of their houses.

¹ Cf. *Bulletin of Economic and Social Intelligence*, July, 1914 p. 126.

We give below some very important particulars with regard to the situation and the work of this organization. Let us begin with the financial situation.

TABLE IV. — *Financial Situation of the Oriental Colonisation Company*
(1908-1912) (in Yen).

Year	Share Capital		Reserve Fund	Bonds Issued by the Company	Funds Assigned by Government	Profits	Losses	Net Profit	Dividend per Share
	Authorized	Paid up							
1908	10,000,000	2,500,000 750,000*	15,800	—	300,000	311,075	159,754	152,221	62
1909	10,000,000	2,500,000 750,000*	55,502	—	300,000	661,407	260,700	400,707	62
1910	10,000,000	2,500,000 750,000*	126,000	—	300,000	1,268,569	564,714	703,855	62
1911	10,000,000	3,000,000 1,500,000*	107,800	—	278,000	2,013,678	1,055,242	958,436	68
1912	10,000,000	7,507,050 2,250,000*	299,600	19,350,900	300,000	2,645,565	1,491,863	1,153,702	60

N. B. In the column "Share Capital Paid up", the figures marked by an asterisk (*) indicate the proportion paid by the Government.

The "Funds assigned by Government" in the 6th. column are subsidies granted without obligation of repayment.

Not only do the figures in the above table clearly show the rapid development of the Company, but they also witness to the increasing interest taken by the Government in its business. Thus, in 1908, the share of the Government in the paid up capital was 33.3 % and it was 7.5 % of the authorized capital; in 1912 the corresponding percentages were 30 % and 22.5 % respectively. Thanks to this continually increasing participation, the Government, in spite of the subsidies it has lavishly granted to the Company, recovers a considerable portion of the funds it has contributed to the Company's work, by means of the dividends it receives on its shares: in 1908, the Treasury recovered 6 % on 750,000 yen or 45,000 yen, and thus the net expenditure was 255,000 yen; in 1912, it recovered 149,250 yen on 300,000 granted as subsidies not to be repaid, and thus the net expenditure was only 153,750 yen.

The reader will find in the following table statistics of the loans granted by the *Oriental Colonisation Company*.

TABLE V. — *Loans of the Oriental Colonisation Company.*

Year	Fixed Term Loans	Redeemable in Annuities	Loans to Immigrants	Bonds of Agricultural Industrial Banks Taken over by the Company	Total
1911	221,900	—	—	—	221,900
1912	429,730	157,800	7,800	—	595,330
1913	514,370	623,100	29,300	1,000,000	2,166,770
1914	925,147	1,476,679	71,668	1,000,000	3,473,494

In the year 1912, the Company had arranged for the immigration of 144 families into Corea and had assigned them holdings of a total area of 2,372 *chô*. Of this area, 2,007 *chô* were rice fields and the rest, or 365 *chô*, were not irrigated. Taking into consideration their shares, we find that each of the families received on an average 1.49 *chô* of rice fields and 0.27 *chô* of other fields, altogether 1.75 *chô*.

§ 4. VARIOUS FORMS OF CREDIT FOR THE COLONISTS.

The Oriental Colonisation Company provides, as we have already said, for the form of advances, the funds for the voyage, for purchase of agricultural implements, seeds, manure etc. Its action is, however, limited by the very necessities of its work and the impossibility of keeping large amounts of money for more or less long periods unsecured. Hence the necessity of founding financial organizations for the supply of credit for home colonisation in the form and within the limits desired. Thus there are two types of institutions providing credit for farm improvements and for colonisation, namely: the agricultural industrial banks (*Nôkô-ginkô*) and the local banking associations (*Chihô-kinyû Kumiai*). The former were founded on the model of those in Japan of which we have spoken on several occasions; only some modifications have been made in their organisation and working to suit the special local conditions of Corea. The others, also known under the name of People's Banks, are co-operative institutions peculiar to Corea.

The Agricultural Industrial Banks are constituted as societies limited by shares; their share capital may not be less than 10,000 yen; the ordinary value of a share is 20 yen. These banks, like the institutions of similar character in Japan (1), are founded in various parts of the country where

(1) Cf. *Bulletin of Economic and Social Intelligence*, Year IV, No. 1, January, 1913.

circumstances show they are required. At the end of 1912, there were 36, with a total capital of 2,400,000 yen, 1,348,710 yen paid up.

The right of membership in these Banks is limited to Japanese subjects (including of course Koreans) and to public associations with civil personality, the members of which are Japanese subjects and which have their head quarters in territory subject to the jurisdiction of the Korean Government.

The business carried on by the Korean Industrial Agricultural Banks is scarcely different from that conducted by similar institutions in Japan proper and consists chiefly in the grant of mortgage loans repayable in annual instalments within a period not exceeding 20 years ; and in the grant of loans not secured on mortgage to the local banking associations (*Chihô kinyu Kumiai*).

They also grant loans on pledge of industrial agricultural products obtained in Korea or on warrants issued by the general warehouses and storehouses.

However, these *Nôkô-Ginkô* are chiefly characterised by the restrictions they impose on the investment of the funds they lend. They can only be utilised for the following purposes :

- (a) Works of Improvement, Irrigation, Drainage or Farm Improvement ;
- (b) Rural Road Construction or the Improvement of Existing Roads ;
- (c) Reafforestation Purposes ; Livestock Improvement ;
- (d) Purchase of Plants from Nurseries, Manure etc. ;
- (e) Purchase of Implements, Machinery and Livestock for Agricultural and Industrial Purposes.
- (f) Buildings for Agricultural or Industrial Purposes.

In this way, these banks form central institutions for agricultural credit in the various provinces and especially for farm improvement.

We give below some statistics of the business of these institutions.

TABLE VI. — *Number of Korean Industrial and Agricultural Banks and Amount of their Capital.*

Year	Number of Banks	Share Capital (yen)	Paid up Capital (yen)	Amount of Bonds Issued (yen)	Reserve Fund (yen)
1909	26	1,200,000	555,250	1,050,000	114,500
1910	27	1,200,000	555,250	960,000	114,000
1911	30	1,200,000	818,575	1,970,000	229,150
1912	36	2,400,000	1,348,710	1,780,000	385,227

To these figures must be added some remarks in regard to Government intervention. As we know, the Government, which exercises immediate

the supervision over the *Nôkô-Ginkô* institutions, also intervenes to assist them in two ways: (1st.) by granting loans to the banks, (2nd.) by taking a certain number of shares. The following figures show what was done by it in this way in the period 1909-1912:

Year	Loans Made by the Government to the Banks	Value of Shares Taken by the Government
1909	1,134,680	329,960
1910	1,143,680	329,960
1911	1,134,680	329,960
1912	1,479,980	329,960

We shall now give some figures showing how the funds granted as loans by these banks are invested. The total amount of the loans (loans repayable in instalments and fixed term loans) was as follows:

1909 yen	434,233	1911 yen	1,023,038
1910	1,088,242	1912 »	2,104,932

Of the total amount of these loans, the following sums were employed on agricultural works:

1909 yen	124,756	1911 yen	1,103,209
1910 »	891,657	1912 »	1,531,723

The remainder was utilised for works of industrial character. We give below fuller particulars in regard to the loans for purposes of agriculture.

TABLE VII. — *Employment of the Amounts Lent by the Korean Nôkô-Ginkô Institutions for Purposes of Agriculture (in Yen).*

Year	Reclamation and Irrigation	Reafforest- ation	Purchase of Machinery, Implements, Livestock etc.	Purchase of Farm Requisites, Manure etc.	Miscellan- eous	Total
1909	79,529	14,981	—	—	30,245	124,756
1910	712,190	38,258	882	1,910	137,817	891,057
1911	656,589	13,633	1,260	15,300	416,427	1,103,209
1912	1,104,336	42,914	4,500	8,215	371,758	1,531,723

Besides these industrial agricultural banks, there are in Korea, as we have said, Local Banking Associations (*Chihô kinyu Kumiai*), also known under the name of People's Banks.

The principal object of these institutions is to facilitate the circulation of money among the small farmers, by offering them a reasonable means of improving their farms. These banks, of co-operative form, were instituted in 1907 and act as organizations auxiliary and supplementary to the *Nôkô Ginkô* institutions.

It is not here the place to enter into details with regard to the working of these small co-operative credit institutions and it will be enough to observe for the moment that they play an important part in the home colonisation of Corea, because they very often enable the farmer to overcome the considerable difficulties he encounters in the arduous work he has undertaken. The operations they conduct hardly differ from those conducted for the benefit of agriculture, by the industrial agricultural banks except that their resources are far more limited and they are in more immediate touch with the lower agricultural classes. We shall shortly return to deal in greater detail with these associations in a study of co-operative credit in Corea.

We shall now only remark that on January 1st., 1913, there were in the whole of Corea 189 people's banks with 67,814 members and a share capital of 800,000 yen.

§ 5. RESULTS OF HOME COLONISATION IN COREA.

It is difficult to pronounce a definite and impartial opinion on the actual results of the work of home colonisation undertaken in Corea, especially on the vigorous initiative of the Japanese Government. Only a few years have passed since the initiation of this work, and, as we have had occasion to observe elsewhere, this is only one of the innumerable branches of the activity displayed by the new rulers.

Nevertheless, these results, however small, have their importance and above all their eloquence as indications of the rapid progress of the work and they offer the best guarantee of success for the future.

These results may be considered from two points of view: from the demographic and ethnical and the social and economic points of view.

With regard to the demographic and ethnical results obtained up to the present by the work of home colonisation in Corea, we have already had occasion to indicate the importance and the effect of the immigration currents Japan has directed to Corea, above all through the medium of the Oriental Colonisation Company. The total number of immigrants is not perhaps as high as one might have been tempted to expect *a priori*, especially when we compare it with that of the immigrants into Hokkaidô, but we must not lose sight in the first place of the fact that the population of Yezo is not as dense as that of Corea and then that the Japanese Government in the matter of emigration is constant to the principle that the quality of the emigrants is to be considered in preference to the quantity, whether the emigration is directed to provinces under the Imperial

government or to foreign countries. And this is a principle of considerable importance, not merely for the case considered in this article, but generally for all Japanese emigration.

Japan knows it is materially impossible for her to replace the native population by Japanese, but also knows that by a wise policy the native population may be utilised as an excellent instrument of production. For this reason, the Government has prevented the immigration into Chôsen of those Japanese whose presence in the peninsula would be in its opinion dangerous, or merely useless. The Government wants to form in Corea a class of Japanese skilled labourers, attached to the soil by moral and material bonds, who can make use of the natives without entering into rivalry with them.

The figures we shall now reproduce in this connection are really striking.

In 1909 there were in Corea 1,741 families of Japanese farmers, against 2,211,137 families of native farmers. In 1912, the figures were respectively 2,287 and 2,428,834, which shows a very considerable increase in the number of Japanese farmers as compared with the Coreans. But the essential point is that the immense majority of the Japanese colonists are either landholders or concessionnaires, in virtue of conventions entered into with the Colonisation Company: the Coreans, except in a few rare instances, on the contrary, farm labourers, almost all dependent on the Japanese colonists.

Unfortunately, we have no official data to enable us to give a precise account of the area of the Japanese farms as compared with those of the Coreans. However, the "Tokyo Economic Review" (*Tôkô Keizai Zasshi*) of April 11th., 1914, No. 1,744, gives a few figures which, although not official, may be considered as sufficiently near the truth for us to summarise them below.

At the end of December, 1913, the situation was as follows. In Corea there were 4,983 Japanese farming each on his own account; their farms had altogether an area of about 216,000 *chô* of *mizuta*, (1) 129,605 *chô* of ricefields, 8,254 *chô* of forest land and 9,458 *chô* of land for grazing or uncultivated (*ginya*). The total amount of capital invested by these Japanese colonists in their farms is about 29,660,000 yen. Now, if we consider that the total area of the Corean rice-fields, (*mizuta* and *ta*) is about 1,030,000 *chô* and the area of the rice fields belonging to the Japanese colonists or rented by them is about 200,000 *chô*, we find the Japanese colonists, who are only 4,983 in number, possess or rent nearly one fifth of the total area of the Corean rice fields.

This confirms our previous observations in regard to the characteristics of home colonisation in Corea and of the immigration of Japanese colonists into Chôsen.

(1) In the Japanese agricultural terminology, the following three expressions are used: *mizuta*, *ta* and *hata*. By *mizuta* are understood ricefields continually under water, the drainage of which is not possible, by *ta*, ordinary ricefields, and, by *hata*, fields not irrigated.

These are undeniably the most important results of the home colonisation policy followed by the Japanese Government in Corea.

In regard to the economic results obtained and especially the progressive exploitation of the soil, it will be enough to reproduce here some statistics in relation to the grants of waste land for reclamation in accordance with the laws to which we have previously referred.

In regard to the waste land, we must remember that even now 60 % of the total area capable of cultivation still lies waste, and the waste land is estimated at about 1,185,000 *chô*. The following table shows what areas were granted for purposes of reclamation during the three years 1910-1912 :

TABLE VIII. — *Classification of Waste Land Granted for Reclamation according to the Character of the Soil (Areas given in chô).*

Year	Heath		Arid Soil		Natural Grass		Marsh Land		Sandy Tracts		Total
	Number of Holdings	Area	Number of Holdings	Area	Number of Holdings	Area	Number of Holdings	Area	Number of Holdings	Area	
1910	10	287	22	787	97	2,898	4	214	83	7,378	216
1911	13	298	21	647	103	3,809	6	217	80	6,667	233
1912	19	432	29	656	183	3,718	8	218	120	8,721	354

The waste land granted by the State for reclamation in 1912 (33 holdings of an area of 13,745 *chô*) were assigned for utilisation as follows:

147	holdings,	8,233	<i>chô</i>	as	<i>mizuta</i> ;
139	"	3,367	"	"	ricefields ;
34	"	805	"	"	forests ;
14	"	216	"	for	pisciculture ;
2	"	51	"	"	fruit cultivation ;
3	"	49	"	"	mulberry cultivation ;
1	"	35	"	"	salt works ;
4	"	1,175	"	"	pastures ;
5	"	6	"	"	various purposes.

Since 1908, altogether 70,000 *chô* of waste land have been brought under cultivation, that is 5.7 % of the total area to be reclaimed.

SWITZERLAND.

THE AGRICULTURAL LABOUR DIFFICULTY.

SOURCE:

PUBLICATIONS OF THE SECRETARIAT SUISSE DES PAYSANS (*Swiss Peasants' Secretariat*), Nos. 31, 40 and 45.

The Swiss farmers have long been complaining of the dearth of farm labourers. The Swiss Peasants' Secretariat recently included this important matter among the subjects for its study; it proposed to consider it in all its aspects, and to seek efficient means with which to combat rural exodus in a practical manner.

The results of these investigations have been published in three interesting pamphlets, which we shall briefly analyse. They deal with the condition of the farm labourers in former times and today (wages, food etc.), the cause of rural exodus, the possibility of improving the conditions of the farm labourers and the various methods of increasing the supply of agricultural labourers (labour bureaux, migratory labour etc).

1. ORGANIZATION AND GENERAL RESULTS OF THE INVESTIGATIONS.

The Enquiry instituted by the Peasants' Secretariat, extended to the whole Confederation, was carried out by means of schedules of questions addressed to the correspondents the secretariat has in every commune of Switzerland. In certain communes of very large size or containing several important localities it has many of these. On receipt of the answers to the questions, first of all the average results for each commune were calculated and then those for the various districts and cantons.

In a first schedule of questions information was required with regard to the dearth of farm labourers, the wages paid between 1800 and 1850, the changes that have taken place in respect to the diet of the servants and day labourers and the necessity of having recourse to foreign migratory labour (Poles, Italians etc.). Finally, the correspondent was requested to make any remarks or proposals he might think could enlighten the Secretariat on this very complex question of agricultural labour.

From 2,805 Swiss communes out of 3,402, that is from 92 % of the communes, were obtained to the first schedule of questions, and were in many cases accompanied by detailed commentaries on the causes of rural exodus, and the remedies to be applied.

Encouraged by these results, the Peasants' Secretariat, later on, sent out a second schedule of questions to all the Swiss Communes, this time in connection with the rent paid for the lodgings generally occupied by agricultural labourers and day labourers, and, finally, another schedule in relation to the hours of work, the time allowed for meals and intervals for repose etc.

A dearth of labourers was reported from 2,224 communes; in 147 there was no such dearth; from 274 no information on the subject was received. Altogether 80% of the communes complain of a dearth of labourers.

If we distinguish between farm servants (dairy men etc.) and day labourers properly so-called, we find a dearth of farm servants in 74 % of the communes and of day labourers in 74 %. Among the servants are chiefly women who are lacking; among the day labourers, principally men.

§ 2. WAGES NOW AND FORMERLY.

The Peasants' Secretariat attached considerable importance to the study of the fluctuations in wages in the last century. It selected the following categories for comparison: wages in money (in addition to board and lodging) of a dairyman, stable boy, manservant and maidservant; wages of a day labourer (in addition to full board) in summer and winter. The correspondent had to give the average figures (per week for the servants, per day for the day labourers) for each of the periods 1800-49, 1850-79, 1880-89, 1890-99, and finally for the current year. He was only to answer when he could give information based on personal knowledge, or statements of old inhabitants of the commune, or old ledgers, etc.

According to the following table, summarising the principal results obtained, wages have increased threefold since the first half of the 19th century.

Wages for the Year (not including Board and Lodging).

Servants Receiving Board and Lodging, and Wages by the Week

	1905 Fr.	1890-99 Fr.	1880-89 Fr.	1870-79 Fr.	1850-69 Fr.	1800-49 Fr.
Dairy men	10.60	8.65	7.40	6.35	4.90	2.75
Stable boys	10.20	8.25	7.15	6.10	4.85	2.75
Men servants	8.65	7.05	6.00	5.15	4.15	2.00
Maid servants	5.70	4.50	3.90	3.25	2.55	1.00

Daily paid Labourers Receiving Board without Lodging.

Summer	2.90	2.30	1.90	1.60	1.20	0.75
Winter	1.75	1.45	1.25	1.05	0.80	0.60

The increase, besides, seems to have been considerably more rapid since 1850 than in the course of the preceding years. Up to 1850, wages were a little higher in those districts which are still to day essentially agricultural than in other regions. But, gradually, with the development of industry and improved means of communication, rural labourers' wages have increased faster in industrial than in agricultural regions.

The following wages, for example, were paid to men and women day labourers not receiving board in 1906:

In Districts in which the Percentage of Inhabitants, of Known Profession, Occupied in Agriculture, was	Summer		Winter	
	Men Frs.	Women Frs.	Men Frs.	Women Frs.
65 and over	3.60	2.25	2.60	1.70
50 to 60	3.90	2.50	2.80	1.85
40 to 50	4.05	2.55	2.95	1.85
30 to 40	4.20	2.55	3.05	1.90
20 to 30	3.90	2.40	2.85	1.75
less than 20	4.50	3.05	3.35	2.30
General Average . . .	4.05	2.55	2.95	1.90

In the case of Labourers not receiving board, the men's wages exceeded the women's by 1.50 fr. in summer and 1.05 fr. in winter. In the case of labourers receiving full board, the difference between the wages of the two sexes was 1.10 fr. in Summer and 0.65 fr. in winter (in 1905, the average wages of daily paid women labourers receiving board were 1.70 fr. and 1.15 frs. for the two seasons respectively).

"In regard to payments in kind", says the Swiss Peasants' Secretariat, "it would have been useless to insert in the schedule a question as to the money value. The people themselves do not know it and would be unable to give information."

However, by means of a few questions relating to the consumption of meat and the extra meals, attempt was made to ascertain how the farmers and their employes.

The number of meals, per week, (dinners and suppers) at which meat was given, at different dates (the average for all the districts) was as follows:

1906	1850-59	1870-89	In former times
6.4	5.3	3.2	1.9

The number of meat meals, as we see, has considerably increased: while formerly meat was only given once or twice a week, it is now given almost every day. Besides, over and above the principal meals, almost everywhere

now farm servants receive extra meals (at 10 and at 4 o'clock). These are allowed all the year round in most of the communes, but sometimes only in summer or at the seasons when there is most work. Frequently, these meals consist not only of bread, but also of cheese, bacon, sausages etc. Generally, the number of the extra meals in the industrial districts exceeds that in the agricultural districts and their quality is better.

For many years, the Peasants' Secretariat has been making enquiries in regard to the yield of Swiss Agriculture and has thus been led to study the books of a certain number of farms (those of 110 farms in 1901 and of 200 in 1905). Taking account of the household expenses, it was possible to estimate the cost of board per day for an adult man. This cost was 1.22 fr. in 1902, 1.25 fr. in 1903, 1.30 fr. in 1905, or 1.25 fr. on an average in the period 1901-1905. In addition, the maintenance of the employees costs more in industrial than in agricultural regions :

In Districts in which the Percentage of Inhabitants, of Known Profession, Engaged in Agriculture, was	Average 1901-1905 Number of Annual Accounts	Average Cost of Board per Adult Man Frs.
70 and over	15	1.16
60 to 69	79	1.20
50 to 59	114	1.20
40 to 49	149	1.28
30 to 39	148	1.26
Less than 30	150	1.32
General Average . . .	655	1.25

The effect of the development of industry has been at least as great on the payments in kind as on wages in money.

§ 3. COST OF SWISS AGRICULTURAL LABOUR IN 1900 AND IN 1889.

From previous estimates, and multiplying the weekly wages of farm servants by 52, and the day labourers' summer wages by 180 and their winter wages by 70 (for a total of 250 working days a year), we obtain the annual wages in money.

To these wages in money must be added the cost of food ; in 1906, 1.45 fr. per day for men and 1 fr. for women (the expenses for a woman are calculated at $\frac{8}{10}$ ths. of those for a man); in 1880-1889 these expenses were respectively 1.10 fr. and 0.90 fr. respectively. Finally, account must be taken of the cost of lodging the servants : about 40 fr. a year for each.

On this basis and by means of the classification of the agricultural employees in accordance with the census returns of the population in 1888 and 1900, the Peasants' Secretariat estimates the total expenditure for Swiss agricultural labour at the two dates, as follows.

	1909		1888	
	Per Person	Total	Per Person	Total
	Frs.	Frs.	Frs.	Frs.
Farm Servants:				
Wages in Money, per year	510	29,511,860	354	21,078,034
Food per year	455	26,338,130	401	24,621,586
Lighting " "	40	2,315,440	40	2,452,960
	1,005	58,175,430	795	48,752,580
Non-Farm Servants:				
Wages in Money, per year	297	6,345,405	203	5,272,193
Food per year	365	7,798,225	328	8,553,154
Lighting " "	40	854,600	40	1,041,470
	702	14,998,230	571	14,867,127
Day Labourers (Men):				
Wages in Money (250 days)	627	23,345,718	430	15,100,940
Food (250 days)	312	11,617,008	275	9,695,950
	939	34,922,726	705	24,856,890
Day Labourers (Women):				
Wages in Money, (250 days)	383	3,197,284	267	2,381,907
Food (250 days)	250	2,087,000	225	2,007,225
	633	5,284,284	492	4,389,132
Total	633	5,284,284	492	4,389,132
General Total	—	113,420,670	—	92,865,729

Thus, since 1888, the annual expenditure of Swiss agriculture on labour has increased by 21,000,000 frs. or 23 %. At the same time the agricultural production has increased by about 52,000,000 frs., chiefly owing to the rise in price of agricultural produce. Of these additional annual receipts, 40 % have been swallowed up by the rise in wages. However, the number of farm labourers has decreased since 1888; it is now only about 32 % of the total agricultural population.

§ 4. RENT OF LABOURERS' HOUSES. COMPARISON OF THE CONDITIONS
OF THE RURAL LABOURERS AND URBAN WORKMEN.

According to the table above given, the average annual wages (including board and lodging) of a farm servant were about 1,000 frs. about 1900-1905, and it may be admitted that they are now 1,100 frs. On the other hand, the average annual wages of a skilled industrial workman or tradesman would be about 1,800 frs.

But expenses in the country are less than in town. In particular, the urban workman must spend a large part of his wages in rent.

About 1906-1910, the rents of the lodgings generally made use of by agricultural labourers and day labourers were as follows:

In Districts in which the Percentage of Inhabitants, of Known Profession Engaged in Agriculture, was:	Lodgings of Two Rooms	Lodgings of Three Rooms	Difference for One Room
	Fr.	Fr.	Fr.
Over 60.	114	147	33
40 to 60	132	169	37
30 to 40	153	197	44
Less than 40	188	236	48

We see that rents are appreciably higher in industrial than in essentially agricultural regions: the difference is 74 frs. for lodgings of 2 rooms and 89 frs. for lodgings of 3 rooms.

The differences would seem to be the more considerable, when we compare the figures in the following table with those given above.

	Lodgings of from 2 to 3 rooms
According to the Swiss Printers' Union (1908)	389-551 frs.
" " " Transport Labour Union (1906)	384-569
" " " Metallurgical Labourers' Union (1909)	437

According to these figures, a workman's lodging of two rooms would cost nearly 400 frs. a year in town and one of three rooms 550 frs.: the town workman must, therefore, pay 1 franc more a day for rent than the labourer in purely agricultural districts. In order to compare the situation of the rural labourer with that of the factory hand, we must first deduct this amount from the latter's wages. The farm labourer, further, profits by certain special advantages: greater facilities for gardening, poultry breeding, and for heating; comparatively little expense on clothes, etc. The advantages of the high wages in towns would therefore be only apparent.

§ 5. HOURS OF WORK.

According to the results of the enquiry of the Peasants' Secretariat, which was only concerned with male servants, the average number of working hours per day for farm hands varies between 11 and 13 $\frac{1}{2}$ for stablemen, and from 9 $\frac{1}{2}$ to 13 $\frac{1}{2}$ for other employees.

	Spring	Hay- making	Summer	Autumn	Winter
Stablemen	12.15	13.33	13.02	12.12	11.06
Other Employees	11.37	13.10	12.37	11.26	9.31

However, it very often happens that the day's work lasts from 13 to 15 hours, and even more than 15 hours (particularly in summer and for stablemen). If we take the day of from 11 to 13 hours as the average agricultural working day, we shall find the number of cases in which the working hours correspond with this and in which they are longer or shorter as follows :

	Working Day for Stablemen			Working Day for Other Employees		
	Shorter than the Average	Corresponding with the Average	Longer than the Average	Shorter than the Average	Corresponding with the Average	Longer than the Average
	(Percentages)			(Percentages)		
In Spring	13.91	65.68	20.41	47.40	44.40	8.11
At Haymaking	2.79	30.65	66.56	6.06	29.14	63.90
In Summer	3.08	52.16	44.76	17.05	52.11	30.82
In Autumn	16.16	61.68	22.16	47.86	39.03	12.21
In Winter	39.46	56.38	4.16	79.30	19.26	1.35

The total length of the intervals of repose at midday and between the beginning and the termination of the day's work is seen from the following average figures.

	Spring	Hay- making	Summer	Autumn	Winter
	h. min.	h. min.	h. min.	h. min.	h. min.
Stablemen	2.08	2.14	2.15	2.07	2.07
Other Employees	1.57	1.59	2.02	1.57	1.51

The time for rest allowed for stablemen is two good hours and scarcely varies in the different seasons ; the variations are by far the most marked in the case of employees other than stablemen. The midday interval (including the time for the meal) alone is, on an average, something more than an hour.

In Switzerland, it is nearly only in winter that the stablemen leave off work before 7 o'clock; most of the year they only stop working between 7 and 8 in the evening and they work even later in the haymaking season. We give below the hours at which work terminates at different seasons.

	Spring	Hay-making	Summer	Autumn	Winter
Stablemen	7.22	8.05	7.51	7.21	6.40
Other Employees.	6.56	8.06	7.38	6.56	5.41

"Farmers", says the Secretariat, "will indeed be obliged themselves to recognise that if they want to find labourers, they absolutely must reduce the number of working hours."

In regard to Sunday labour, which is habitual on Swiss farms, it lasts, for stablemen, from four and a half to five hours, without any great difference from one season to another, but only from 45 to 70 minutes for other farm servants (as an exception, two hours in the hay making season).

	Spring	Hay-making	Summer	Autumn	Winter
Stablemen	4.56	4.40	4.39	4.46	4.46
Other Employees	1.04	2.10	1.12	1.19	0.45

On the other hand, for 30 days in the year the farm servants are absolutely free from morning to night, but the stablemen have only 7 or 8 days in the year. The secretariat would like to see the number increased.

§ 6. CAUSES OF RURAL EXODUS AND CHANGE OF PROFESSION.

In order to fight effectively against the rural exodus, the real causes of the abandonment of the country must be considered. We shall briefly summarise here the statements made by the Peasants' Secretariat on the matter.

Agricultural wages, in spite of their having risen rapidly in recent years are still appreciably inferior to those paid in other professions. The ordinary industrial or commercial employee earns at least as much and often more than the agricultural labourer. However, it does not seem that young peasants who become factory hands or tradesmen in the city are chiefly urged to this course by the hope of better wages. In industry and in trades the hours of work are rigidly fixed, the employee has his midday rest; he leaves off work at a definite hour and, above all, he has the whole of Sunday free; for many young people this definite limitation of the working hours and days seems a more appreciable advantage than that of high wages. The kind of occupation has also a considerable influence. For example,

the women often show a real aversion to farm work and will not undertake the hard work at all. Many young girls are attracted to urban trades and commerce and above all to work in the hotels, not so much by the higher wages and fixed hours, as by the nature of the employment, which they find more congenial. It is the same class of sentiment that urges many young countrymen to enter the liberal professions or the Government service (Railways, Post Office, etc.).

On farms, life under one roof necessarily entails some restriction of individual liberty; and in the same way in the villages all the neighbours spy upon each other and watch each other. This constraint is not very agreeable to the young rural labourers, who envy the condition of the young people in the town, who are their own masters before they are of age. The uncontrolled life of the towns attracts, it can not be doubted, many young people to whom the constant supervision to which they are exposed in the country is a burden. Another important cause of rural exodus is the desire of amusement and pleasure. Village life seems too monotonous to the rural labourers. On the first opportunity they abandon the country.

Many farm labourers find it scarcely possible to have a family without a change of profession. Domestic service on farms is in fact so organized that it is far more suited to the unmarried than to the married. This is one of the greatest defects in the organization of rural labour.

The social insurance organized in the city is not without its influence in attracting the rural labourers. Again, the considerable development of the labour bureaux has also contributed to the desertion of the country districts. The bureaux are in fact chiefly organized to supply the town and quickly obtain employment for any countryman who desires to change his profession; through their influence the stableman becomes a carter, the farm servant a town workman etc. Formerly, when the villager went to town, he did not know whether he would find work or where he could find it. This is no longer so to day.

Finally and above all, among the various causes of rural exodus, none seems so important as "the hope of ultimately attaining a desirable position". The farm servant knows that if he remains in his present situation at best he will be one day a small farmer on his own account. On the other hand, he learns that one of his old schoolfellows, occupied in quite a subordinate position in the town, has become manager of a hotel. This sort of thing excites all sorts of hopes in the hearts of hundreds of young persons, and parents, oblivious to the risks of urban life, encourage their children to try their fortune and profit by advantages they have not themselves had. "It is the state of mind excited by the lotteries; every one hopes to be the favoured of fortune. And all abandon the village, with their parents' best wishes for their success. These reasons for rural exodus are deeply rooted in the human heart and render the solution of the labour problem very difficult."

§ 7. MEANS FOR IMPROVING THE SITUATION OF FARM LABOURERS.

If wages are not perhaps the chief cause of rural exodus, it is none the less true that an improvement in respect to wages would be an important means of attaching the farm labourer to the soil. However, the Peasants' Secretariat scarcely dares to hope that, in a more or less remote future, agriculture may be able to attract the labourer by the offer of specially good wages.

If contract work becomes general, it will doubtless enable the farmer to remunerate his men better. In regard to labour by the day or piece, he will certainly be brought to reduce the hours and to grant his employees more rest and greater liberty. At the same time it will be expected that contracts for hire of labour should be generally adopted, in which not only the duties but also the rights of the labourer should be defined and which should be drawn up on progressive lines, so as to render agricultural work more attractive to rural labourers.

Insurance against unemployment would be a good means, though also a very expensive one, of attracting agricultural labourers. At least an attempt must be made to guarantee the labourers as regular employees as possible for the whole year, even at the cost of some sacrifices. In respect to insurance against sickness or accidents in work, old age or disablement, it could be instituted, it would certainly be a social improvement which would deserve the support of the farmers. However, says the Secretariat, it would be too much to imagine that it could greatly advance the solution of the agricultural labour crisis in Switzerland. In the country, in fact, family sentiment remains far more intact than in the town; besides the sick, who are actually bedridden, can always be of service on the farm. On many farms it is considered a natural duty to pay the labourers who have more or less remained at the place, even when they no longer render much service.

In the opinion of the Peasants' Secretariat, the farmers must be solicitous about the food, lodging and health of their labourers. In the country food is almost always abundant; on the other hand, the mode of preparing it often leaves much to be desired. "The labourer, although he seldom appreciates the food he receives at its just value, often prefers good food to high wages." Again every employee should have his own bed, and have a comfortable large clean room in which to pass his leisure hours — at the peasants' house, the common parlour, at the large farmer's, the servants' room — warmed in winter and lighted in the evening, where there should be books, papers and games and where he can amuse himself. The masters and the communal authorities must consider many other improvements, drinking water, baths, washing, medical attention etc. And, since amusement is also of very great importance, the country festivals should be raised to the public estimation, singing, gymnastic and shooting societies organized with annual festivals, local performances and excursions. By not hindering

employees from attending these, the farmer will often attach them more closely than by any other means.

The foundation of distributive societies, facilitating the acquisition of the necessities of life, will greatly improve both village and farm life. The encouragement of economy and the organization of credit may keep agricultural labourers in the country by permitting them to acquire a small holding they can cultivate without therefore ceasing to work for others. The hope of one day or other establishing themselves on their own account is still to-day a powerful motive inducing many young people to become farm labourers. By increasing their chances of attaining this end, at the same time we should obtain an excellent weapon against the dearth of labour. The State and the individual have an important work to accomplish in this respect.

Finally, it is not to be doubted that the farmers would profit by engaging married men servants in larger numbers than they have done hitherto, the rather as in the working seasons the wife and children can assist the farm employees. Now, the most effectual means of engaging married servants in the country, is to assure them a special place where they can be independent, if not on the farm itself, at any rate in the proximity or in the nearest village. The problem of housing is one of the most important to be settled.

It will also be advisable to have recourse to all influences that may favour the choice of agriculture as a profession. Such influences must be brought to bear on children in their own families, in the school (by means of manual labour, school gardens) etc. Supplementary agricultural courses seem specially suited to awake in boys a taste and a love for the agricultural profession. Public benevolent institutions, hospitals and even reformatories should try to influence those placed under their charge in favour of agriculture. Special homes founded in the country for the temporary reception of unemployed labourers may also favour the return to the land. Again, pupils in secondary schools, higher schools and students at the universities would render great services to agriculture by taking part in the field labour, during the holidays, for fair wages.

The new Swiss Civil Code contains favourable provisions which will encourage at least one of the children to continue cultivating the paternal holding. According to article 621, in fact, the heir who desires to farm the holding himself has a preferential right to the undivided farm, "its value being estimated at most at that of the yield or three quarters of the market value." It is true that the law has not decided which shall have the preference when more than one son continues farming and wishes to claim the holding. The authority, which takes cognizance of such cases in accordance with the law of the canton, decides whether there shall be a delivery, a choice or a division of the inheritance, taking into consideration the local custom, or, in default of that, the personal situation of the heirs. In any case, it will be no longer possible for those of the heirs who do not wish to farm to insist on the sale by auction of the property against the wishes of those ready to farm themselves.

The maintenance and development of the domestic industries should be encouraged, for it is just the home industries which supply agriculture with additional labourers in the working seasons (haymaking, reaping etc.). We know, for example, that in Switzerland watch-making, knitting, embroidery, silk weaving and ribbon making are very frequently carried on in connection with agriculture and keep a number of people in the country who, for these industries, would long ago have emigrated to the large industrial centres. Unhappily for agriculture, modern evolution is scarcely favourable to home industry, which is gradually being substituted by factory work.

The most effectual means of increasing the supply of agricultural labourers will be indisputably the organization of a good agricultural labour bureau (with a central bureau and branch offices) for the whole of Switzerland, centralising supply and demand, facilitating the transport of labourers, allowing of an exchange of labourers between the mountains and the valleys, and generally between adjacent regions where, for various reasons (altitude, difference of crops etc.), the working seasons do not exactly correspond in time.

In regard to foreign migratory labourers (Poles, Galicians etc.), the Peasants' Secretariat declares itself distinctly averse to the extension of their employment. In three very interesting chapters we are unable to summarize here, the Secretariat points out the danger of this foreign labour, which is in no way a lasting remedy, whilst its terrible competition against Swiss labour will certainly end in a considerably increased emigration of the labourers and farm servants. Entire districts will thus become dependent on foreign labour, which, for one reason or other — many instances are cited as having already occurred — might very well abruptly cease to course to Switzerland, and leave agriculture there in a cruelly embarrassed position. It is among the Swiss population itself, or in the frontier provinces of the neighbouring countries (Savoy, Black Forest etc.), that the farmers must principally seek the labourers they require.

(Summarised from the *Bulletin de la Statistique générale de la France*, N. 11, April, 1924, Paris).

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

AUSTRIA.

- SPEN (Dr. M.): *DAS ARBEITSGEBIET DER LÄNDLICHEN WOHLFAHRTS UND HEIMATSPFLEGE* (*How the Work of Improvement of Country Life is Carried out*). Prague, 1914. Central-Verein der Deutschen landw. Genossenschaft Böhmens, v. G. m. b. H. in Kgl. Weinberg.
- SPEN (Dr. M.) and NAGEL (Dr. L.): *VORLÄUFIGE ERHEBUNGEN ÜBER DEN GEGENWÄRTIGEN STAND DER LÄNDLICHEN WOHLFAHRTS UND HEIMATSPFLEGE IN SIEBZIG RAIFFEISENGEMEINDEN DEUTSCHBÖHMENS* (*Preliminary Remarks on the Present State of the Work carried on for the Improvement of Country Life, by 70 German Bohemian Communes possessing Raiffeisen Banks*).

The first of the two above works gives a clear and accurate account of the activity displayed and the improvements introduced into rural life with the object of arresting the constantly increasing exodus from the country. The aim is to enable the country to provide its inhabitants with many of those economic, social and intellectual resources which large centres and towns generally can furnish. Agricultural co-operation can certainly show appreciable results in the direction also of the improvement of country life, indirectly, precisely by means of the extensive and rapid development of the co-operative idea. But there is still much to be done. As regards health, improvements must be introduced in respect to sanitation and the supply of medicines, the treatment of the sick, women in their confinements and young children, public baths and swimming baths, the organization of midwives and the improvement of their training. The fight against tuberculosis and against alcoholism and many other matters are included in this part of the programme. The work to be carried out in the intellectual sphere is no less important. Improvement must be made in the means taken for the encouragement of education in the country and for rendering it more complete and making its acquisition possible in the country independently of the towns; libraries, reading rooms, lecture rooms and popular clubs must be founded. The æsthetic sentiment must be developed in the country population, so that rural life may be improved also in this direction. Finally, the necessary steps must be taken for the physical training of the young, as unfortunately has as yet only been done in the towns.

It is therefore an immense work which must be rapidly carried out, so as to put an end to the alarming rural exodus.

In order to discover the progress made in this sense in the communes in which there exist Raiffeisen Banks, the Central Federation of the German Agricultural Co-operative Societies of Bohemia has sent out a schedule of questions on the above subjects to be answered by each German Bohemian

Raiffeisen Bank. A large number of the Banks have returned answers from which we may conclude that agricultural co-operation has continued and is powerfully contributing to the realisation of the programme of innovations and improvements dealt with in the work we have just summarised.

DENMARK.

LANDBRUGETS ORDBOG (*Dictionary of Agriculture*), Copenhagen, Gyldenbolske Bogtrykkeri, Nordisk Förlag, 1908-1911. 4 volumes in 11 numbers, large 8vo., Pict. stitched, 14/6.

In the agricultural circles not only of Denmark, but also of Sweden, Norway, and Finland, the completion of the "Landbrugets Ordbog" is considered as an event of the first importance. And quite rightly, in fact, although it only bears the modest title of a "Dictionary", the work the last number of which has just issued from the Nordisk Förlag press, is really a complete and detailed encyclopædia of all the branches of agricultural economy and the kindred sciences. Up to the present, the practical farmer and the theorist had only foreign encyclopædias at their disposal, in languages not understood by the great mass of small farmers and adapted to conditions and situations which were not those of Scandinavia. In the future it will not be so. From Schleswig to the North Cape, from the Atlantic to Lake Ladoga, the Scandinavian farmer will find in the "Landbrugets Ordbog" the answer to any question connected with agricultural economy, in his own language, or at any rate in a language which he will be able to understand, dealt with from the standpoint of the conditions of life in his own country.

The honour of having conceived, initiated, directed and accomplished the work now brought to an end is due to Th. Madsen-Mygdal and the excellent collaborators he was able to obtain: J. Brinck Larsen, C. B. La Cour, Fr. Hansen, And. Nielsen, Profs. F. Kolpin Ravn, C. O. Jensen and the hundred and sixty other specialists who have taken an active part in this immense work.

In the total number of 3,326 large pages with double columns there are altogether nearly 5,700 articles, a large number of them being complete monographs on the subject dealt with. It is very easy to find one's way in this *mare magnum*; more than 2,000 very successful illustrations contribute to the clearness of the text. Finally, in the matter of the printing, the Nordisk Förlag, already so favourably known in all Scandinavian Europe, has surpassed itself. With respect to the general character of the work, it is universal in the best sense of the word. The small tenant farmer, without special school training, will find in it the information he requires for his purely practical work, just as the specialist will find in it the solution of the most arduous and most complicated problems of agricultural chemistry.

Let us, finally, say that, while in the first place adapted to the agricultural conditions of Northern lands, and quite specially intended to meet the local requirements of Scandinavian scientific farmers, and the

particularly those of Denmark, the "Landbrugets Ordbog" in no way neglects the conditions of agricultural economy in foreign lands and under other climates. On the contrary, the comparisons it establishes in this connection are most instructive and well suited to awake in the student or the practical man the spirit of comparison and excite him to undertake experiments.

We can only congratulate the Scandinavian countries on the completion of their publications on agricultural economy in the widest sense by this precious addition of the "Landbrugets Ordbog."

UNITED STATES

STUDIES IN AGRICULTURAL ECONOMICS. Bulletin of the University of Texas. General Series, No. 11. Austin, Texas, 1913.

The *Studies in Agricultural Economics* are the work of the Texas Applied Economics Club and are edited by the Professor of Economics of the University. In a short preface written by him he describes the volume in these words: "Under the general direction of the faculty of the School of Economics, certain select students — mostly undergraduates — pursuing advanced courses in Economics at the State University have been encouraged to investigate various economic problems which concern the State of Texas. The result is no erudite monograph; but the editor believes that a considerable mass of thoughtfully presented information is made available, and several practical suggestions for State policy have been ventured."

The subjects discussed include among others the Crop Mortgage System in Texas, Co-operative Rural Credit, the Co-operative Marketing of Fruit, the Farm Labour Problem, and Farm Tenure in Texas. In all there are thirteen papers in the volume which may claim, therefore, to be a fairly complete realistic study of the economic conditions affecting and relating to agriculture in Texas.

ITALY.

ELABORAZIONE STATISTICA SUI CONTRATTI D'APPALTO (*Statistical Reports on Government Contracts*). Vol. I, 1910-1912. Department of Public Works. General Secretariat. Rome, Tipografia Unione Editrice, 1914. XXVI+240 + 333 pages of Schedules.

This is the first volume of an important series of Statistical studies on Government contracts in Italy, the publication of which has been begun by the Department of Public Works (General Secretariat). The statistics summarised and explained in the volume refer to the three years 1910-1912 and relate to 998 public auctions, 445 private auctions, 3,949 private negotiations, 5,031 contracts, 2,854 businesses (including 236 co-operative societies) and 243,346,607.84 frs. worth of labour and supplies contracted for. Of this amount of 243,346,607.84 frs., 50,301,445.43 frs. were

granted for Northern Italy, 65,986,190.43 frs. for Central Italy at 127,058,961.98 for Southern and Insular Italy. The largest sums were granted for hydraulic works, land improvements or other work of similar character (84,325,641.38 frs.); for maritime works (68,959,869.05 frs.); for construction, arrangement, deviation and rectification of roads (42,149,242.43 frs.); maintenance of roads (27,039,938.76 frs.); buildings (9,575,939.64 frs.); erection of huts, excavations and demolitions (6,580,690.30 frs.) and supplies (4,715,286.28 frs.).

A special chapter deals with co-operative societies for production and labour, admitted to public auctions; the number and importance of these societies is increasing. In this chapter we find not only the total amount of the work, in each province, undertaken by the societies, but also a comparison in this respect between them and the ordinary business enterprises.

The report ends with definite proposals for reforms in the various systems of granting public contracts in vogue in Italy, partly based on foreign laws, summarised at the end of the volume.

HOLLAND.

DE NEDERLANDSCHE LANDEBOUW IN HET TIJDVAK 1813-1913 (*Dutch Agriculture in the Period 1813-1913*). Published by the Department of Agriculture, The Hague, 1913. Bros. V. and H. van Langenhuyzen. VII + 465 pages.

In 1913 Holland celebrated the centenary of its independence. For this occasion, the Agricultural Division of the Ministerial Department of Agriculture, Commerce and Industry, with the assistance of a large number of specialists, has issued an important publication showing the development of Dutch agriculture in the course of the last hundred years.

The introduction, written by Dr. H. Blink and M. S. Koenen gives a general sketch of the economic progress of Holland in regard to agriculture during the period 1813-1913. Fifteen other chapters treat of the various branches of agricultural activity. In one headed: Intervention of the Government in behalf of Agriculture, J. B. Löhms shows in outline the measures taken by the State for its direct encouragement; L. E. J. F. Molkenbuis follows with a brief sketch of agricultural legislation; C. G. J. A. van Gorderen Stort deals with association in Dutch agriculture and G. J. Bidena supplies a short study on agricultural co-operation in Holland. The other chapters are devoted to practical farming, agricultural education, the fight against epidemic cattle diseases, the cultivation of the fields and the utilisation of meadows, livestock improvement, dairying etc.

This work, the valuable contents of which we can only summarily indicate, is a precious source of information for all who desire to acquaint themselves with the progress and the present conditions of Dutch agriculture.

RUGGERI ALFREDO, gerente responsabile.

